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Oral History Interview

with

LEO T. McCARTHY

California Assemblyman, 1968-1982
California Lieutenant Governor, 1983-1995

December 18, 1995
February 1, 15, and 22, 1996
March 7 and 27, 1996
April 11, 1996
August 7, 25, and 28, 1996
San Francisco, California

By Carole Hicke
Regional Oral History Office
University of California, Berkeley

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None.

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INTERVIEW HISTORY

Interviewer/Editor

Carole Hicke
Director, University of California at Berkeley State Archives
State Government Oral History Program
Director, Pillsbury, Madison & Sutro History Project
Director, Morrison & Foerster History Project
M.A. San Francisco State University (history)
B.A. University of Iowa (economics)

Interview Time and Place

December 18, 1995
Session of one hour

February 1, 1996
Session of one and a half hours

February 15, 1996
Session of one hour

February 22, 1996
Session of one hour

March 7, 1996
Session of one and a half hours

March 27, 1996
Session of one and a half hours

April 11, 1996
Session of one and a half hours

August 7, 1996
Session of one and a half hours

August 25, 1996
Session of one hour

August 28, 1996
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Editing

The interviewer/editor checked the verbatim manuscript of the interview against the original tape recordings; edited for punctuation, paragraphing, and spelling; verified proper names and prepared footnotes. Insertions by the editor are bracketed.

Mr. McCarthy edited just the first six sessions of the transcript, clarifying and making minor corrections.

Papers

Mr. McCarthy is preparing to deposit his papers in the California State Archives.

Tapes and Interview Records

The original tape recordings of the interviews are in The Bancroft Library, University of California at Berkeley. Records relating to the interview are at the Regional Oral History Office. Master tapes are deposited in the California State Archives.

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[Session 1, December 18, 1995]

[Begin Tape 1, Side A]

HICKE: I'd like to just start this morning with a question as to when and where you were born, please?

McCARTHY: I was born in Auckland, New Zealand, on August 15, 1930, and I was the youngest of four sons. My parents had been living in New Zealand for approximately twenty-four years. They were both born on small farms in County Kerry, Ireland, and migrated from Ireland to Auckland, New Zealand.

HICKE: And do you remember any of that early life?

McCARTHY: No, I was three and a half when I left. My three older brothers have some recollections of New Zealand, but I really don't.

HICKE: And why did you move?

McCARTHY: Economic opportunities. My father was in the hotel and bar business in New Zealand, and I think he was. . . . His partner at the time, I was told, did some misdeeds. And plus, my father wanted to seek new opportunities, so he decided to move to San Francisco, California.

HICKE: What drew him to San Francisco?

McCARTHY: Well, he had one older brother who had moved to San Francisco, and had sung its praises to him. Actually, three brothers and one sister sort of stayed with my father. He was the leader of the family, and they all worked for him in his businesses. But the one brother, Bill, who had moved to San Francisco, went off ahead of the rest of the family. So he knew something of San Francisco. He also had a couple of friends who had moved to the San Francisco Bay Area, and they liked it very much, so he was encouraged to move here.

HICKE: And where did you live when you first moved here?

McCARTHY: When we first moved here, we lived at 19th Street between Guerrero and Dolores in a lower flat of a building. There were six of us in there in somewhat cramped quarters. My three brothers were in one room, and I slept in a crib when I first got there, even though I was three and a half, because that's what fit in some of the small rooms.

HICKE: Sure.

McCARTHY: And then I slept in a hide-a-bed, which was a sofa in the dining room, for a few years until one of my brothers moved out. But we didn't notice any limitations of space. They were very happy years. It was a great area, ethnically mixed, diversified area, where a lot of children of local families used to play outside in the street. Then auto traffic wasn't bad so that there were real dangers to children. We used to roller skate, and we used to play heats and all those games that kids at that age did.

HICKE: You used to play what?

McCARTHY: Heats.

HICKE: Heats? What's that?

McCARTHY: Oh, heats is, you have a base, a home base, which you occupy. The object was to catch other kids before they could return to home base. One person in the group has the burden of staying at the home base while the others run and hit, and then you have to chase him down, and you have to tag him, before they can return to home base. And that was heats.

HICKE: Yes.

McCARTHY: A pattern that was to follow for the rest of my life. [Laughter]

HICKE: Oh, I can see this was established early on.

McCARTHY: That's right.

HICKE: Oh, great. What about your school? Where did you go to school when you started to go?

McCARTHY: I went to Mission Dolores Grammar School for four years. We lived right on the border between the Mission Dolores parish and St. James parish. Mission Dolores was the old mission at 16th and Dolores Streets, and St. James was on 23rd Street, on Fair Oaks between Guerrero and Dolores. So for four years, I

went to Mission Dolores, and then my parents decided to transfer me up to St. James, because that's where my brothers were going to school. So in fifth grade, I went up to St. James, and went four years to St. James until I graduated from the eighth grade.

HICKE: OK. And what did you like about that early schooling?

McCARTHY: The kids were all children of working families. Some of them were small business people, employers. Most of them were working in the construction industry, or delivery service, or something else, and there were a lot of roughnecks in the group. They were really pretty happy years. In those days, there were a lot of Irish and German and Italian kids, and then Hispanic kids were just starting to move in to the Mission District in the early forties. But it was a broad mix of people. They were happy times, I think. Kids got along pretty well. There weren't gang wars, there wasn't violence.

If we broke a window playing baseball in the street, we all ran like crazy, because we felt the sense of embarrassment and shame at having violated one of the rules. Of course, we were made to come back to knock on the door of that home to admit our . . .

HICKE: You had cut down the cherry tree. [Laughter]

McCARTHY: That's right.

But they were good times. The kids in the schools were kids who, for the most part, grew up fairly stable and had good lives. A few of them went to jail.

HICKE: And what about your family? What did they like to do?

McCARTHY: Well, my father when he came here, of course, had a little bit of money, but not too much. He opened up a bar on Mission Street, and it was called McCarthy's Big Glass. It catered to working people, a lot of people in unions. He would offer a mug of beer, a large hot dog, and a bowl of beans for fifteen cents.

HICKE: When was this?

McCARTHY: This was in 1936, and he did a great business. He worked very hard. My father never drank or smoked, but he was in the bar business. He did well,

then he bought a second bar and a third bar and a fourth bar, all in San Francisco. And he served food at these bars, but for the most part, they were drinking establishments. In those years, drinking establishments were social gathering points, not what they have been for the last several decades, pretty depressing hangouts for a lot of lonely people.

He went into the restaurant business. He bought two restaurants, one in Oakland and one in Reno. Then he sold off all the bars and the restaurants and he went into financing the construction of apartment houses in the Bay Area. He worked very hard, and he was very successful.

HICKE: Interestingly enough, in Britain, the pubs are now turning toward family establishments.

McCARTHY: Yes.

HICKE: What about your mother?

McCARTHY: My mother was essentially a homemaker. She took care of raising the boys, and wasn't a part of my father's business at the time. Stayed pretty much at home, involved in some church activities, but made sure that we had a stable set of circumstances, a stable environment in our home.

HICKE: Could you give me your parents' names, please?

McCARTHY: Daniel McCarthy, and Nora Teresa McCarthy, whose maiden name was Roche.

HICKE: And then high school?

McCARTHY: High school, I entered the seminary at St. Joseph's College in Mountain View. In those days, the Roman Catholic Archdiocese had a minor seminary and a major seminary. The minor seminary was high school and the first two years of college. The major seminary was the last two years of college and then four years of theology. They terminated the minor seminary, they stopped taking students who graduated from the eighth grade, on the very good grounds that those young people had not been exposed to enough of life. Starting maybe twenty years ago, they didn't allow anyone to enter seminary until after they had graduated from high school. So at that time, they had St. Joseph's Seminary in Mountain View, and I attended school there about three years.

HICKE: Was that for children who think they have a vocation?

McCARTHY: Yes, studying for the priesthood.

HICKE: OK. Now, throughout school, what were your particular subjects that you liked?

McCARTHY: You mean in high school?

HICKE: Yes, or grammar school, if you have any from there.

McCARTHY: Well, I was always good at English, at spelling, anything to do with language was pretty good. I was always terrible at math and at sciences. So one came easy for me, and the other did not. That seemed to be a pattern throughout both grammar school and high school for me.

HICKE: Any particularly influential teachers?

McCARTHY: I'd say most of the teachers I had in grammar school were good at teaching me the basics of the subject matter. They were certainly disciplinarians. I was taught by brothers at St. James, and they let you know with reason and a swat when necessary, if you got too raucous. And in that school, there were a bunch of energetic kids who got raucous, so a firm hand was needed to have some reasonable peace in the classroom.

HICKE: That sounds like a good learning situation, anyway.

McCARTHY: Yes, it was.

HICKE: And what about after school? What did you do?

McCARTHY: After school, kids would go and play in the school yard, or out in the street. Kids were always congregating, always playing with each other. You'd do your homework at night, after dinner. But the afternoon was meant for play.

HICKE: Sports, or extra jobs?

McCARTHY: I did what most kids typically do at those ages. I sold a lot of magazines. I used to sell *Saturday Evening Post* and *Liberty* magazine and *Life* magazine to all the industrial buildings south of Mission Street at that time.

HICKE: Door to door?

McCARTHY: Yes, door to door. I'd go from building to building, and from desk to desk, and I would just sell these magazines, and make a little money to spend. My parents encouraged that at the time. Then I sold newspapers on the corner of

20th and Mission Streets for a while, at a stand there. I worked for a fellow, an adult, who had the stand. So those were grammar school type jobs.

Then in high school, I was a stock boy for the old Roos department stores, men's clothing store. And it was summer and Christmas jobs. When potential buyers laid things around, I was always the one that made sure it was put back in the right place. Rather simple jobs. Delivering stuff around the department store, that kind of thing.

HICKE: What did your family like to do for holidays?

McCARTHY: We had a house up in Lake County that we used to go to, that we bought some time in the early forties, probably around '43, '44. We used to spend some time every summer up there. We'd go back and forth. It may have amounted to six weeks a year. It was in an area called Loch Lomond in Lake County.

HICKE: What did you do when you were up there?

McCARTHY: Oh, you could swim, we did a lot of hiking, walking. When I was a senior in high school after I had come out of the seminary, there was a resort named Hobergs. They used to have dances every night. So we'd go over there and do all the awkward things that high school teenagers did, try to meet girls and dance. I think those days were a lot more innocent than they are now.

HICKE: Yes. Anything else that you particularly remember that was influential in your growing up?

McCARTHY: My father was very strict about study habits. Among the boys, we joked, not in his hearing, about his admonition to "Get your books." That was one of his favorite phrases: "Get your books." He pushed us hard to study when he got home from work.

HICKE: Where did he get that influence?

McCARTHY: Well, I think in Ireland, they have a very good educational system through high school. Any of the Irish that go through high school and come here have a fairly easy time of it, if they want to go to college. They're very well prepared. And even in the rural areas, that's true. They do teach them the basics, and they teach them to reason, analyze. And I think he had a great

respect for education. It was very important for him. He spent a lot of his time encouraging us to go to college, and to go on to graduate work after that, just to equip ourselves to do important things in life.

HICKE: Did he have any ideas as to what you should do or be, or did you?

McCARTHY: No. You know, my father pretty much let us make our own choices. He didn't push any of the four of us to take over his business. One of my brothers worked for him for a few years. But he wasn't one of those parents who wanted a child to inherit the business that he had created. He just wanted us to do worthwhile things, to have a sense of responsibility, with whatever talents we were able to develop.

HICKE: So he gave you a strong set of goals and principles?

McCARTHY: Yes. Yes. He wanted us to have a high vision, to look up, to think we could accomplish things. And frankly, his example really spoke much louder than anything he could say. He worked very hard and became quite successful, and never put on the dog, never tried to live in the great mansion, and never had a vast wardrobe. The only extravagance he would allow himself is that he always liked to drive a nice car, but outside of that, he was a very modest man in terms of his material possessions.

He was really always doing things for a lot of people. He gave away a lot of money. He helped a lot of young Irish to come out from Ireland who wanted to work in California. His personal pleasures were modest. He had a passion for sports. He was a very good athlete in his youth in track, and in football.

HICKE: Soccer?

McCARTHY: Gaelic football. A couple of his brothers were too. This is a family of sports nuts, and it's true today with my generation as well. They're all obsessed with the [San Francisco] 49ers and with other sports teams. But they get that from my father and his brothers. Sports was a great subject, and personal involvement was a goal. My oldest brother, Dan, played football for the University of California and was pretty good. My father loved to talk about sports, and took his children to many sporting events.

HICKE: What did you see? What did you watch?

McCARTHY: Oh, a wide range of things, everything from football games to basketball games, some baseball games. Baseball wasn't a high priority for him. Football and basketball. We each played Gaelic football, which is not rugby, it's different than rugby. It's a sport all of its own. There was a league in the Bay Area, and each of us played in that league, played different positions.

HICKE: Where did you play?

McCARTHY: Out at Beach Chalet in Golden Gate Park. Beach Chalet is a large field very close to the Pacific Ocean shoreline.

HICKE: Did it require a special field?

McCARTHY: Oh, yes.

HICKE: So it had to be fairly popular for the park to set up the space.

McCARTHY: It was very popular.

HICKE: How many people on the team?

McCARTHY: Let's see. As I recall, there were fifteen people on each side. Also, we played soccer. I played soccer in the seminary, and it was a favorite sport. So when I got out of the seminary and out of high school, I played for a team called the Rovers. It was in a Bay Area league. A lot of ethnic teams, immigrants from Mexico and Central America, Eastern Europe. Hakoah was a team made up of members of the Jewish community; the Teutonia included German Americans. It was a variety of ethnic groups, from homelands where soccer was a very prominent sport.

HICKE: Did you get acquainted with the other team members at all?

McCARTHY: Oh, I met a number of them, sure. You'd see them briefly at the games, but yes, you had a chance to meet a number of them. You sort of got the flavor of the ethnic cross-section. Now, this is the end of the forties and the beginning of the fifties.

HICKE: Well, you graduated from St. Joseph's Seminary in '47?

McCARTHY: I left there after three years and went to St. Ignatius High School, had my senior year at St. Ignatius High School. I graduated from SI in 1948. The Jesuits run that school; I don't know if you're familiar with them or not.

HICKE: It's a very well-known school. Why did you transfer?

McCARTHY: From the seminary?

HICKE: Yes.

McCARTHY: Didn't have a vocation. I was very restless there, really did not want to submit to the amount of discipline that was required. I think the management and I came to the same conclusion about the same time. [Laughter]

HICKE: And how did you like St. Ignatius?

McCARTHY: I liked it. It was a good school. It's always difficult for a youngster seventeen years of age to enter a school where people have been forming friendships for three years, and then try to fit in. So you know, it was not the easiest year, but I think it had real value to me. It was a good school, good teachers, and I made some friendships there.

HICKE: Then what did you do?

McCARTHY: Then I meandered. I was unsettled, and I didn't have a real focus on what I wanted to do. So I went to Santa Clara University for a year, didn't study very hard, didn't do well academically. Went down to Los Angeles, because I had an older brother there, Mike, who was studying interior decoration at Woodbury College. I had never heard of Woodbury College, and didn't have any particular vocation to be an interior decorator, but I went down there I think largely to get away from home, to try to see if I could develop a more independent existence.

I was there for a year and a half studying interior decoration. I know all about period furniture, about fabrics, about the history of all things that had to do with interior decoration.

HICKE: Fascinating subject.

McCARTHY: Yes. In March 1951 I went into the [United States] Air Force. I was in the air force for twenty-one months, got out at the end of '52.

HICKE: Where did you go and what did you do in the air force?

McCARTHY: I was in the strategic air command. They put me in an intelligence unit, as an enlisted man, not an officer. Our unit was testing bombing runs of crews

flying B-52 bombers over targets in the United States. We would analyze how accurate their practice bomb runs were at many different targets.

I was stationed in Lake Charles, Louisiana, for seventeen months. I think that was a good experience, because the people and culture there were entirely different than anything I'd ever known in the Bay Area. I joined a little theater group while I was in Lake Charles. I was in two or three plays, stiff as a board, never could act worth a lick. But it got me a little more relaxed in front of large audiences. I met a lot of the local people, and was invited into their homes. The air force base was very boring.

A great event each day after working hours was going to a nearby bar, having a pitcher of beer and a dozen oysters on the half shell. It was a pretty boring existence. It was a town of 40,000 people, an oil and gas town. Somebody told me about the repertory theater, and I joined the group. That made things a lot better. I got to know a lot of local people there, and then began to understand something about conditions in Cajun country. Lake Charles is only thirty-five to forty miles from the Gulf [of Mexico]. I met a wide range of people that I had never before met in my life. It gave me a different perspective.

HICKE: Anything else that you got out of the air force?

McCARTHY: Well, some knowledge about the enormous waste that occurs.

HICKE: Of natural resources?

McCARTHY: I think there's a lot less waste now in the armed services, because they've had to slim down, and they're much better organized now. Their training programs are better put together, I think. But it was not too stimulating an experience. I can't say that I really learned things in the air force that helped me grow in life.

HICKE: You just survived?

McCARTHY: Yes.

HICKE: With the help of the little theater.

McCARTHY: Yes. Frankly, I would never have been in Lake Charles, Louisiana, and have learned something about the people there and the way they think and their

traditions and their culture if I hadn't been in the air force. I thank the air force for that.

I went on a short mission overseas for a couple of weeks to Saudi Arabia. We had . . .

[End Tape 1, Side A]

[Begin Tape 1, Side B]

McCARTHY: . . . a top secret mission where SAC, the Strategic Air Command, picked up intelligence crews at several U.S. bases. We were simulating the beginning of World War III, a major outbreak. There were drops of the intelligence units at bases across North Africa, in Morocco; Rabat [Air Base, Morocco], [Wheelus Air Base] near Libya; and in Saudi Arabia, our unit's stop.

HICKE: Did you get a chance to look around when you were on the ground?

McCARTHY: We went to Bahrain shopping. Bought a few things, brought home for gifts.

HICKE: Good.

McCARTHY: Actually, I've been back to Saudi Arabia since then, and learned a great deal more.

HICKE: To Dhahran?

McCARTHY: All over Saudi Arabia.

HICKE: Very interesting. Just as a trip?

McCARTHY: I went with a group of lieutenant governors.

HICKE: Oh, OK, well we should get that a little bit later. So then you got out in two years?

McCARTHY: It was twenty-one months of active duty. Then I was in the air force reserve a couple of years more.

HICKE: What did you do when you got out?

McCARTHY: I went to the University of San Francisco, and enrolled there in January '53. I found that studying came more easy. In fact, studying and acquiring knowledge was enjoyable. I majored in history and got a bachelor's degree.

HICKE: How did you pick history?

McCARTHY: I think I just loved understanding what came before, and historical patterns of conduct. I don't think I could have articulated it in that way at the time, but I think that's what it was. I always enjoyed reading articles and books about history.

HICKE: Any particular history?

McCARTHY: Every kind of history. At that time, it was primarily American and European. Since then, of course, I've developed a great interest in Asian.

HICKE: OK. Anything in that experience that was particularly memorable?

McCARTHY: USF again was a good experience. I got involved in extracurricular activities. I was president of the History Club; I was president of the debating society.

HICKE: Well, that was a good experience.

McCARTHY: I ran for and lost the student body president job.

HICKE: A little politics.

McCARTHY: My first loss. To a very good fellow who was a resident on campus from Seattle, a fellow named Jim Cavenaugh, a fine guy.

HICKE: I haven't yet asked you if your family was involved in politics at all as you were growing up.

McCARTHY: No one in my family was involved in politics. Like most of the Irish, they loved to talk about politics, and the Irish have an extraordinary, uncanny sense of politics and campaigns. I'm not quite sure where it comes from, but they have the ability to analyze a political situation. They love to talk about it and come at it from every angle, but I've seen many who were born in Ireland, then come here as young adults and really be able to understand American politics very well, though they might never be directly involved in it.

So none of my family were really involved in politics, but they all had a sense of it. My father had a sense of it, not my mother so much. He never tried to talk me into going into politics, but when I did, he really went all out to give me support. He was very proud of the fact that I was in city and state government. It was a positive accomplishment.

HICKE: Do the Irish perhaps learn from each other? In other words, there was talk and that kind of thing, and so the ideas were spread around?

McCARTHY: I think that's true. I think they do learn from each other. In those days, of course, it would have been natural for an Irish American running for office to immediately seek support from a natural base. That's true of every ethnic group. That's much less true today. Now you reach across a much broader spectrum. But I was lucky to have help from a lot of Irish families when I first ran for local office in San Francisco, families who respected my parents very much. My father had helped a lot of people. Those people put up signs on their homes, walked precincts for me, and came into campaign headquarters. Almost all of them pretty much had a natural instinct for understanding politics.

HICKE: That's interesting.

McCARTHY: It's not clear to me where that comes from. But they had it. And they had a much keener interest than most other ethnic groups.

HICKE: And clearly, a lot of success.

McCARTHY: Yes. Including a lot of success in states and cities where there are not many Irish, or Irish Americans. That's what's interesting.

HICKE: Yes. That really demonstrates your idea.

McCARTHY: Yes.

HICKE: OK. Back to the University of San Francisco. You graduated, and then what?

McCARTHY: Graduated, and I went to law school.

HICKE: How did you decide to do that?

McCARTHY: Well, I liked politics very much, and although I don't think I'd made up my mind at that time to spend a lifetime in politics, I saw law as a credential for politics and government. Being a lawyer and understanding how laws are written and interpreted would make me a better legislator, a better elected official. That's how I came to view it. Even during the years I practiced law, it became clear to me that my consuming interest was really making public policy, whether that was as a member of the legislature or in the executive branch or wherever it would be. Training as a lawyer was just like an apprenticeship for getting into government.

HICKE: When did you come to this vision?

McCARTHY: I think incrementally. I ran a state senate campaign in San Francisco in 1958. It was for a man named [Eugene] Gene McAteer, who was a restaurateur and himself an attorney. After he was elected, he was kind enough to offer me the position of administrative assistant. I went up to the legislature for the first time in January of '59. I was still in night law school.

HICKE: Oh, you were going to night law school?

McCARTHY: Yes. I had gotten married in December of '55. It was pretty hard, going to law school and getting married, and we had a baby nine months to the day [Laughter] after we were married. We had the first of our four children. Then we had a second child fifteen months later. So that made law school tough for me. For brilliant people, it wouldn't make any difference. I was not a brilliant law student. It did not come as easily as history in undergraduate work.

And then I was preoccupied with politics while I was in night law school. So between marriage, having two children immediately, and my preoccupation with politics, I was a mediocre law student.

HICKE: You went to San Francisco Law School?

McCARTHY: Yes.

HICKE: What were you doing during the day?

McCARTHY: Managing an apartment house. I worked in the law library. I had various jobs.

HICKE: How did you meet Eugene McAteer?

McCARTHY: Oh, gosh. You know he was on the board of supervisors at the time.

HICKE: San Francisco?

McCARTHY: San Francisco Board of Supervisors. I think he went on there about 1953. I sort of knew of him in a general way, and I admired him. I had met him very slightly in some political gathering. I offered him my help for his 1958 campaign. Prior to that time, I had learned a little about campaigns because I had been a volunteer, driving a sound truck, putting out mailers, working in campaign headquarters and so on, always as a volunteer.

HICKE: For the Democratic . . ?

McCARTHY: Democratic party candidates.

HICKE: Any particular ones, or you were just there at the headquarters?

McCARTHY: No, I would choose candidates.

HICKE: Whom did you work for?

McCARTHY: I worked for [Congressman Phillip] Phil Burton. I worked for [U.S. presidential candidate] Adlai Stevenson in his 1956 campaign. For various Democratic party candidates. I went to see Gene McAteer in early 1958 and offered to help. He made me his campaign manager. It turned out he had a relatively easy race, because he had a good following.

HICKE: He was running for the senate?

McCARTHY: Running for state senate. That race was pretty much decided in the Democratic primary, and the one serious candidate that was going to run against him withdrew.

HICKE: Who was that?

McCARTHY: That was Assemblyman John O'Connell. When John decided not to run, McAteer easily won the Democratic primary. He would have won in any event.

HICKE: What kinds of things did you have to do in his campaign?

McCARTHY: Made up a brochure for distribution at a lot of gatherings, kept his schedule of meetings, helped organize some mail that went out, started to work with the man that Gene McAteer used to design his mail, a very talented person named Charles Lindsay. I had a close relationship with him for years after that. When I went to the legislature, I ran a lot of campaigns myself. I was gathering votes for the coming speakership race. [Assemblyman] Art Agnos, who was my administrative assistant when I was elected as assemblyman in November 1968, and I together ran a lot of campaigns. So Charles Lindsay, whom I met in 1958, became a great asset to us. He designed a lot of the mailers that we put out, using pictures in the right way, and figuring out how to lay out the size print to give important emphasis to messages.

The '58 campaign was really relatively easy. McAteer was popular, he had accomplished a lot, and he was elected on his own merits. That's when I went to the legislature.

HICKE: OK. So you went up there with him when he became a senator as his assistant?

McCARTHY: As his administrative assistant. He gave me wide latitude. He was a good boss to work for. He was a taskmaster, but he was a good person. He let me develop ideas for legislation, even let me present a bill in 1960 or '61. I did a terrible job.

HICKE: [Laughter] Well, that's looking back on it from future experience.

McCARTHY: That's right. But I wrote speeches for him. He had a couple of secretaries in the office, and I sort of ran the office. He let me commute back to San Francisco at night on the Greyhound bus.

HICKE: Every day?

McCARTHY: Well, I had law classes three nights a week.

HICKE: Oh, you had to come back for the classes. Oh, dear.

McCARTHY: Yes. So I would brief my cases on the bus on my way to law school class. He was very good about letting me do that.

HICKE: Well, that's probably because you were doing a good job for him. Can you tell me a little bit about what he was doing?

McCARTHY: Gene McAteer was what I would call a moderate Democrat. He tended to be more conservative than most of the Democrats in the legislature, particularly those coming out of San Francisco. But he really was a force in a couple of areas. He was the primary author of the Bay Conservation and Development Commission, which was a landmark piece of legislation at that time.[1] You may recall that the borders of the [San Francisco] Bay were being filled in rapidly with different kinds of developments, and his law created the commission which then began to control just how much development could happen right along the Bay water's edge.

HICKE: Was that one of the first regional . . ?

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1. 1965 Reg. Sess., Cal. Stat., ch. 1162 [Sect. 1, Title 7.2].

McCARTHY: It was the first in California, and probably in the country one of the first. It was a landmark, and it really helped show how the Coastal Commission, which followed a decade later, could work.[1]

HICKE: Can you tell me a little bit more about how he got the idea for this and went about getting the legislation through?

McCARTHY: I encouraged him to venture into some environmental things, because he was a successful businessman and he had special credibility looking at those environmental problems through the eyes of a businessman.

HICKE: And also maybe some support from the business community?

McCARTHY: Well, trust from the business community that he wouldn't do crazy things. He wasn't seen as a far-out environmentalist. He had special credibility in that sense. It took a Gene McAteer to make that happen, the creation of the Bay Conservation and Development Commission. Of course, environmental groups then got enthusiastic about it as his bill started to move. Newspapers were very supportive, and showed that developers were really destroying the Bay. The Bay is probably 40 percent smaller than it used to be.

HICKE: Is that right? I didn't know that much had been filled in.

McCARTHY: McAteer also did another extremely important thing. He looked at all the school textbooks being used in California, and he saw that they were devoid of references to the contributions of various racial and ethnic groups and women at that time. He passed a resolution which I don't think could have gotten out of the state senate without him. The state senate was very conservative at that time. It was a policy resolution asking the state board of education to review all California school textbooks, and try to be factually sensitive to the development of different cultures. I think the work he did in that field led to some significant changes, because again of who he was.

The staffer who was responsible for that achievement was John Delury, who died at age fifty-seven. John worked for McAteer when I was in his

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1. Proposition 20 (November 1972). California Coastal Zone Conservation Act of 1972.

office. Then he worked for me when I was speaker a decade later doing invaluable research.

McAteer did some very significant things. He took the leadership on several issues. He was instinctively conservative. But in several major areas, he pushed very progressive policies.

HICKE: What was his base of support?

McCARTHY: He had a wide base of support, what would have been described as the conservative, moderate portions of the Democratic voter constituency at that time. He was not trusted by the more liberal Democratic voters in the city.

[End Tape 1, Side B]

[End of Session]

[Session 2, February 1, 1996]

[Begin Tape 2, Side A]

HICKE: I'd like to start this morning with more on Eugene McAteer and his run for the mayor.

McCARTHY: Gene McAteer, at the beginning of 1963, intended to run for mayor of San Francisco. But in the January-February period, he received some phone calls from some very highly placed people, and they persuaded him to change his mind and let Congressman Jack Shelley have a free run at mayor in opposition to then-Supervisor Harold Dobbs. McAteer was deeply disappointed. A lot of people think he could have been elected. He was held in high esteem by the people of San Francisco at the time. But he did not run in 1963.

Then four years later, when he was preparing to run, still a state senator, he died of a heart attack in late May of 1967.

HICKE: Well, I guess where we need to go next then is your run for the board of supervisors. And also, you were practicing law eventually.

McCARTHY: I was practicing law during the 1960s, prior to my going to the state legislature in January, '69.

HICKE: Yes. So the first thing then is the board of supervisors.

McCARTHY: I was elected to the board of supervisors in November, 1963, when . . .

HICKE: First tell me how you got interested in running, and how the campaign went. Some of the details.

McCARTHY: OK. The critical thing that helped me make my decision was State Senator McAteer deciding not to run for mayor in 1963. Had he run and won, I had been invited to go into the mayor's office and serve as his executive assistant. I had passed the bar, I was practicing law, I had been Gene McAteer's

administrative assistant for a little over four years. Of the six seats up on the board of supervisors that year, two incumbents were retiring, so there were four seeking reelection and two vacant seats. I decided to seek one of those seats.

HICKE: Were these district . . ?

McCARTHY: No, citywide elections.

HICKE: OK. I wasn't sure how it was at that point.

McCARTHY: Both times I ran for the board of supervisors, 1963 and 1967, they were citywide elections.

HICKE: So you were virtually running against all the others.

McCARTHY: That's correct. It's a strange system. Actually, a better system for voters is that each seat on the board of supervisors should be a numbered seat. Then you'd get more accountability, because each incumbent would have to run for a specific seat and would be challenged specifically. When you all run in a herd, there is less accountability.

HICKE: Well, what happened during the campaign?

McCARTHY: It was a good campaign. I ended up running third in the field. I ran ahead of two of the incumbents that were up that year. It was a good start to an elective career.

HICKE: What was your support based on?

McCARTHY: It was pretty much across the board. I had a lot of support in the Irish community in San Francisco, though diminishing in number. The cost of housing has driven many young families to move outside San Francisco, all around the Bay Area. Those who were still here were very loyal. My father and mother had a superb reputation in the Irish-American community. My dad had gone out of his way to help a lot of people.

I was lucky to get very broad support from all communities, from all ethnic groups. At that time, ethnic groups were more identifiable in San Francisco. You had the Italian-American community holding its meetings in Fugazi Hall, which is now where *Beach Blanket Babylon* is performed. I don't

know how much of a transition that is from politics to *Beach Blanket Babylon.* [Laughter]

HICKE: And also maybe geographically, they were defined?

McCARTHY: Yes. But I had very broad support in every community. I had good support in the black community, very good support in the Hispanic community. All over town, I ran pretty well, and especially well in the west of Twin Peaks areas.

HICKE: Why were they supporting you? What were your principles you were running on?

McCARTHY: I ran on a job-creation platform. The economy was wobbly at the time, and a lot of people were afraid jobs were leaving San Francisco. So I proposed different ways to try to help companies stay in San Francisco and to attract other business to San Francisco. It was a job-creation-centered platform, to give workers an opportunity to support their families. I also raised some environmental issues like water and air pollution that were extremely important. I ran on some human rights issues at the time. There was a lot of racial tension in the city. I addressed that.

I also ran on concerns that affect elderly people. I had been put on the State Commission on Aging by then-Governor [Edmund G.] Pat Brown [Sr.], and it was an area that I got very interested in, and it was the beginning of a thirty-year interest in problems of elderly people. I touched on concerns such as housing and health concerns, nutrition needs of elderly people.

HICKE: What about labor and business per se?

McCARTHY: I got strong labor support. And I think my job-creation emphasis attracted them. I got some small business support, although I was the newcomer and really unknown. The major companies downtown, the utilities, the insurance companies and so on, were not a part of my campaign. I was from a different world.

HICKE: Who else was on the board with you?

McCARTHY: That year, [later Mayor] George Moscone was also elected to the board of supervisors. On the board at that time was John Jay Ferdon, who was

subsequently appointed district attorney by Mayor Jack Shelley. Joe Tinney, a lawyer from the Mission District served. Clarissa McMahon was reelected that year. Jack Morrison was on the board. Jack was the architect of many changes in planning and building laws in the city, with an environmental bent. Roger Boas, whose family had had an automobile agency on Van Ness for many years. Bill Blake, a truculent, irreverent fellow who opposed all freeways and eventually was taken seriously when a majority of the board of supervisors ended up voting against additional major freeways through the western side of the city.

Who else have I missed? Harold Dobbs left the board as I was joining it. Harold ran for mayor. I don't know how many I've named.

HICKE: Let me see. Well, you've done very well. [counting] Seven. And there are nine?

McCARTHY: Eleven. I'm thinking of who was on the board at the time I joined in January 1964. Dr. Charles Ertola, a popular North Beach dentist. Joe Casey, a Teamsters leader. Peter Tamaras, a small businessman and leader in the Greek-American community.

HICKE: And who was mayor?

McCARTHY: Jack Shelley was elected mayor the same day I was elected to the board of supervisors.

HICKE: OK. Can we pick out some of the more important things that happened during your first term and then your second term?

McCARTHY: Things I was responsible for: I authored the ordinance creating the Human Rights Commission. Those were the turbulent mid-sixties, a lot of civil rights unrest, a lot of demonstrations. The focus was on job discrimination. I authored the Human Rights Commission which had subpoena power and had some teeth in it so it could hold hearings and try to get at the issue of job discrimination in the city. It survives to this day.

HICKE: Oh, great. That was quite a watershed event.

McCARTHY: Then I authored an ordinance that established a committee that advised the mayor on concerns of elderly people in the city. It gave them a voice, a forum, to sort of focus on some of the things that they were deeply concerned about.

HICKE: That was quite a long while before other officials had started thinking about the elderly.

McCARTHY: Yes. Outside of Claude Pepper, a congressman from Florida, whom I met a number of times. I was proud to be described as the Claude Pepper of California.

HICKE: Before we go on past that, who was on that committee that advised the mayor? Do you recall?

McCARTHY: Oh, I'd have to get the list out for you.

HICKE: Was it large?

McCARTHY: Yes, I think it was twenty people.

HICKE: Oh, OK. And do you have any idea what kinds of specific issues they dealt with that had an impact?

McCARTHY: Sure, sure. Dealt with the unavailability of housing for low-income elderly people. Dealt with hunger problems, dealt with crime in the street against vulnerable elderly people. There was an array of issues.

HICKE: How would it work? People would register complaints?

McCARTHY: Yes. The advisory committee on the elderly had the authority to hold public hearings on issues, and they could get attention in a way that no other body in the city at that time could. The media would cover it, newspaper reporters would write some of the very tough things, depressing things, that some elderly residents were saying about the kind of life they were living at the time. Then a member of the board of supervisors might pick it up and hold a hearing of one of the standing committees of the board of supervisors. So it then got legs, and it developed more attention in the newspapers and led to helpful action.

HICKE: OK, and then you had started to tell me about some other things that you were doing.

McCARTHY: I was supportive of initiatives of other members of the board of supervisors as well. At that time, there were many highrises being built in downtown San Francisco. Several of us on the board were certainly in favor of office buildings being built, we wanted to attract jobs. What size, where, what height and what shape they were, were of great importance. So we enacted laws to control the bulk and appearance. If you had a lot 100 feet by 100 feet, you could build up to sixteen stories, if you wanted to fill every single part from the ground up. On the other hand, if you used a set-back in from the property line or if you made the entrance look a lot nicer and there was an openness in the design, then you could go up higher than sixteen stories. There were several ordinances debated at that time that dealt with trying to make the city look better and not just grow into a canyon of shadows from densely packed tall buildings. We addressed planning and building issues in other parts of the city as well.

HICKE: Was this the same as air space, is that the same thing you were just talking about?

McCARTHY: Air space is part of it. Light was a very important part of it: could the sun reach heavily trafficked areas? Because there were many people working there, we tried to humanize the kind of developments that took place. These are buildings that house a lot of working people for many hours each day.

HICKE: Who would be against these?

McCARTHY: Builders. Construction trades unions.

HICKE: OK, they didn't want to be limited?

McCARTHY: Builders, building unions. I antagonized some building union friends during all of this. A couple turned strongly against me, because I was voting for some of these building restrictions.

HICKE: That's the way of politics.

McCARTHY: Well, it meant jobs for their membership to them, and they were afraid that it would stop the construction of buildings. It wouldn't. They would be a different shape building, a different kind of building.

HICKE: And who else was supporting it?

McCARTHY: Jack Morrison was a major proponent, Roger Boas was a major supporter. They were leaders. I was in a strongly supportive role, but they took the initiatives on those things. They had both been on the board several years ahead of me, and had been into those issues.

HICKE: And the mayor?

McCARTHY: Mayor Jack Shelley did not initiate such things. The mayor, remember, came out of the labor union movement. He was very close to all the building trades unions that were upset about any planning restrictions. But when we got some of these ordinances to his desk, he did sign them.

HICKE: Good. What else was going on? Oh, tell me about the freeways.

McCARTHY: Freeways were probably the single biggest controversy of all the issues that occurred when I was on the board of supervisors. The Embarcadero Freeway was constructed in the late 1950s. Once it got up, everybody could see how ugly it was, and what a big blunder it was, not only in terms of aesthetic beauty, but in terms of how it dampened real estate investment along the waterfront. Now that it's down, this whole Embarcadero area south of Market within the half-dozen blocks close to the waterfront are undergoing a vigorous reconstruction and investment in real estate.

At that time, freeways were built to accommodate commuters coming in from suburban areas. The city leadership was very anxious to keep downtown San Francisco as the hub of the economy of the Bay Area. That's true both of the financial and the retail sections of downtown San Francisco. As we saw in subsequent years, of course, there were many significant regional shopping centers built throughout Bay Area. Shoppers had options other than downtown San Francisco.

The momentum behind freeway construction was extraordinary. In 1956, then-President [Dwight D.] Eisenhower signed the Interstate Highway Act, and there was a federal gas tax set aside to fund that act. In addition, there was the state gas tax. So you had a lot of money for highway construction. The Federal Transportation Department and the California

Department of Transportation had the kind of power that comes with having hundreds of millions of dollars to spend annually.

You had the chamber of commerce, the contractors, the building trades unions, and the downtown merchants that thought it could really help them. That was the conviction at the time. When you have a lot of money appropriated through taxes, the people that run these federal and state departments have to find a way to spend it.

HICKE: Well, of course.

McCARTHY: The feds had local governments and state governments all over the country pleading for these funds. The feds were kings in the governmental hierarchy. What is now called CalTrans could go into virtually any community in California and have local people fawn over them, fighting for highway funds. They had to get local permission to cross city streets, but that was pretty much taken for granted. The state and federal agencies that were really in charge of where freeways were built.

San Francisco residents started looking at these proposed freeways, particularly the ones that ran through the residential areas of the city, and would say, "Wow, we'd like all this money, we like the idea that it would help downtown business, but they are such concrete monsters that they are going to destroy our neighborhoods."

And finally, a rebellion occurred. There were several supervisors that saw this public resistance. Oddly enough, truculent, irreverent Bill Blake was among the first to start objecting to these freeways. The *San Francisco Chronicle* editor at the time, Scott Newhall, took up this cry and questioned the wisdom of more mammoth freeways in densely developed urban areas.

The turning point came in a couple of votes in early 1966. There was a freeway proposed that would come north up Highway 280, come down Junipero Serra Boulevard, cut over Dewey Boulevard, proceed down Seventh Avenue, and then go down that part of Golden Gate Park where Kezar Stadium is, tie into the Fell Street/Oak Street areas, and come down the Golden Gate Panhandle until it got downtown. It was called a cut-and-cover

freeway, which meant that a large part of it would be underground, but it wasn't a tunnel, it was open. You could hear and see the extraordinary amount of traffic that would be using this artery. You'd get the exhaust, the fumes, coming up in all of those areas, and in that part of Golden Gate Park through which it traversed.

At the same time, coming south from the Golden Gate Bridge you had a proposal to build a freeway down Park Presidio Boulevard that would have cut down Lincoln Way, right down that side of the Park, and then would have cut into the park down John F. Kennedy Drive, and would have fed into the Panhandle down the other side. You would have irreparably harmed Golden Gate Park, a pretty precious asset in San Francisco. You also would have changed the character of a lot of residential areas of San Francisco. Now, this is not a freeway taken through an industrial area. So there was a blow-up, and it was defeated by votes on the board of supervisors, seven to four votes on the board of supervisors. It still got four votes in early 1966.

And that revolution against freeways that occurred in San Francisco then started to be imitated by governing bodies in other counties and cities throughout California, and it spread to other parts of the country. From that moment on, huge double-decker freeways or even cut-and-cover freeways were no longer accepted readily in cities throughout the country. So it was a very profound and far-reaching effect.

HICKE: I suppose the building unions were involved in this?

McCARTHY: They were. They were very actively supporting construction of the freeways, and were very angry at those of us who were Democrats and essentially pro-union in most respects. But this was a judgment call. The same union members, plus a lot of non-union members, lived in those neighborhoods that the freeways would have gone through, whose homes and harmony would have been very seriously jeopardized had we allowed those mammoth freeways to be constructed.

HICKE: Was there a lot of grassroots support from neighborhood associations?

McCARTHY: There was. Very interestingly, one of the leaders was a monsignor who was the pastor of St. Cecilia's parish out in the Parkside District. This is a Catholic church at 18th [Avenue] and Ulloa. A lot of his parishioners were upset about it, so he was a very popular man at the time. He's deceased since then. He was a very popular, very humorous man, a very gregarious man, well liked by Catholics and non-Catholics that he met. He helped organize the opposition. He never went to city hall, but he helped organize the opposition, along with a number of others throughout that part of the city. And the Richmond [district] organized against that. So yes, there was a popular rebellion.

HICKE: How did this get communicated to the board?

McCARTHY: Phone calls, personal contacts, community meetings. This city, once it gets upset about something, doesn't find difficulty communicating with those they elect to office.

HICKE: Interesting. It speaks of a strong connection between the elected officials and the people.

McCARTHY: Yes.

[End Tape 2, Side A]

[Begin Tape 2, Side B]

HICKE: So would you say that's fairly unusual in a city government?

McCARTHY: You know, the larger the city, the more difficult it is, I think, for people to have some effect on public decisions. San Francisco, though it's three-quarters of a million people, is a tightly knit city. When there's a rebellion, elected officials will not ignore it. And when you have elected officials who share the sentiment of the rebelling, those officials will go out of their way to channel the energy of the rebelling citizens so that it has effect on other elected officials.

HICKE: So a lot of strong commitment on the part of . . .

McCARTHY: Yes. It doesn't always work perfectly. There are often people elected to office who sometimes will be disdainful of people's opinions, or just have a conviction that goes the other way based on the merits of an issue.

HICKE: Well, that story you just told is an excellent example of why California has been considered sort of the advance guard of the United States. It's one of the ways.

McCARTHY: Yes.

HICKE: What about other events during your tenure?

McCARTHY: I mentioned the civil rights movement. That was ongoing through the five years I was on the board of supervisors. The anti-poverty programs were created. We wrestled with the best way to construct local governing boards under the law to take responsibility. A lot of attention was devoted to that. I'm not sure how much good came out of such local structures, because you need a lot more than that. You need education, you need a better environment for the young people growing up.

There was another issue: The Redevelopment Agency of San Francisco is created by federal and state law and uses federal money or federal full faith and credit to pursue its projects. Redevelopment agencies are authorized to identify major sections of the city for redevelopment, usually neighborhoods already a slum or getting close to being a slum.

We spent many hours on the board of supervisors during those years regarding the Western Addition area. Justin Herman was the executive director of the Redevelopment Agency at that time. This little plaza at the foot of Market Street with the unusual sculpture. . .

HICKE: I've seen it.

McCARTHY: . . . is called Justin Herman Plaza. He was a highly controversial agency director during the late 1960s and 1970s.

HICKE: It's got a highly controversial fountain [Villaincourt Fountain] in it, doesn't it?

McCARTHY: Yes, it does. We had many hearings on the board of supervisors that lasted until one, two in the morning, hearing witnesses on Redevelopment Agency projects. People were afraid of Big Brother from the federal government, even

though it was through a San Francisco city redevelopment agency taking control of their property and dislodging them.

The city, like other major urban centers, had been deteriorating for a variety of reasons. In order to try to create shopping areas, or build new housing where no private sector investment under ordinary market conditions would be available, you needed something like a redevelopment program. As we look back with the benefit of hindsight, we can see the whole Western Addition project really ended up doing a lot of good. A lot of new moderate-priced housing was built, the whole Geary Street area is attractive. The project brought back Japantown. Even the public housing that was constructed is a lot better than much of the massive junk that was funded by the Public Housing Authority in Washington. We spent a lot of time on Redevelopment Agency issues.

HICKE: It was a high-crime area, too.

McCARTHY: High-crime area. Now less so than it used to be.

HICKE: That area down along the waterfront, was that part of your . . ?

McCARTHY: Redevelopment? No. I think private sector forces just drove that.

HICKE: The flower children were hanging out in the Haight-Ashbury, weren't they, during the late sixties?

McCARTHY: Yes. We had tens of thousands of flower children in the Haight-Ashbury at the time. Came from all over America, because they felt their parents didn't understand them, or they didn't understand their parents, or they weren't loved. In some cases, it was true. In many cases, it was just many immature youngsters trying to find adventure. There was a serious drug problem in the Haight-Ashbury at that time. That captured the attention of police authorities at the time. There were recurring problems that existed. How to try to police and yet not overreach, based on cultural differences. The sixties were a tough period, a very tough period.

Now people can't even remember it. The Haight-Ashbury District has made a very good comeback. It took a lot of years. People living in the Haight-Ashbury, who were mostly very tolerant people, were really depressed

because the drug scene and the unkempt habits of many of the transient youngsters really made it an unpleasant place to live.

HICKE: Well, now it's quite gentrified.

McCARTHY: It's gentrified. Actually, the area has great weather, it's close to Golden Gate Park. It's a great place to live.

HICKE: Well, how did you handle these problems? You said there was some attempt on the part of police; some kids must have been traced down by their parents.

McCARTHY: The city agencies responsible for this had a massive problem facing them. These kids came from all over. You have limited authority to make them go back home. You had a tough time identifying the ones that were underage. So you had a negative environment for young people who came here. Now, people romanticize it. It was the time of the Vietnam War. Protesting the Vietnam War was a partial justification for the kind of open-ended drug use that took place.

Those were problems that characterized San Francisco at the time. The flower children. The civil rights demonstrations, which were justified. The turbulent 1960s.

HICKE: Were you involved in the riots at San Francisco State [College]?

McCARTHY: I was just elected to the assembly in November 1968, and went out to the campus probably two weeks after I was elected, and managed to help discourage some fights.

HICKE: [Laughter] Well, good.

McCARTHY: I didn't realize that being a member of the state legislature would also make me a referee against physical violence. Those were tough days. The young black kids that entered college carried a heavy burden to try to object to some of the frustrating discrimination that existed. Some of them effected healthy change. Some of them didn't really know how to. The term "Mau-mau" was very common at the time. You'd scream at your opponent, scream your opponent into submission. So some of that was going on at San Francisco State.

But then on the other side, you had [Samuel I.] Hayakawa, who, though he was a professor in communications, was not communicative. Remember the famous symbol that allowed him to run for the U.S. Senate in 1976? Against John Tunney. He had pulled the plug on the sidewalk loudspeaker that some of the protesting students were using.

A lot of the faculty wanted to sort things out and negotiate, use reason to make changes. Some of the students who were more extreme weren't making that easy to do. But Hayakawa, of course, was happy to light the match that caused the explosion. At that time, unfortunately, the handful of kids who were more extreme engendered a lot of public opposition, so the CSU board of trustees supported Hayakawa very strongly. He became a hero, and then really caused a great morale problem in the faculty at San Francisco State University at the time.

The campus was in very difficult straits for a number of years. It took a long time getting over those wounds.

HICKE: Well, also San Francisco attracted a number of draft evasion cases. I don't know if that even was something you . . .

McCARTHY: No, not really. That was never a part of the city government.

HICKE: Do you think San Francisco had more than its share of these kinds of things? And if so, why?

McCARTHY: San Francisco has had a reputation for tolerance and for diversity. It was not always justified. You had the brutal discrimination of the Chinese in the late 1880s by Irish and other European ethnic groups. But on the whole, San Francisco was viewed as a place where you could speak your mind, where people were encouraged to recognize they had some individual rights. Then urban newspapers were more likely to be liberal, to recognize those causes, and to write about them. So I think it's natural San Francisco would have attracted these protest movements.

HICKE: How does this affect the job of a supervisor?

McCARTHY: The vast array of demonstrations put a tax on law enforcement authorities, of course. The drug scene put enormous stress on the abilities of the city health

department to respond. And a lot of these young people were applying for welfare, so it put a strain on the local indigent aid program. It had an effect in many ways on city government. It would drain off some resources, would divert attention from some other issues. But some of these things, though national in character, deserved the attention of city officials. You had no choice. You had to address these problems.

HICKE: What about your second term?

McCARTHY: The second term was only one year long.

HICKE: Did you run for that again?

McCARTHY: I ran for the board in 1967, and was comfortably reelected. I had run for the state senate in 1966. Under the one-man, one-vote decision of the U.S. Supreme Court, San Francisco got a second state senate seat. McAteer held the first, and a second seat was created. George Moscone and I both ran for that seat, and George Moscone won, beat me in the Democratic primary, by a vote of 64,000 to 48,000. George had the support of Congressman Phil Burton and everybody that was a member of Phil's team at the time. And George was a very attractive candidate.

HICKE: Let's talk a little bit about the city politics. There were a couple of sides, so to speak? Phil Burton had something of an organization.

McCARTHY: Yes. Phil Burton had a lot to do with creating and nurturing a number of the elected officials in the city. When Phil went to Congress, his brother John was elected to his assembly seat. George Moscone became a member of the Phil Burton political team. George had played basketball with John Burton in high school and they were good friends.

HICKE: It's as simple as that?

McCARTHY: Old friendships count a lot. In addition, George and John shared a lot of liberal convictions. I had been working for Gene McAteer and was associated with him at that time. Gene McAteer and Phil Burton did not like each other.

HICKE: So that's how that happened.

McCARTHY: Yes. That is a major reason.

HICKE: What was their dispute about?

McCARTHY: Gene McAteer was more conservative than Phil Burton. Both had strong personalities. Phil Burton was a masterful politician. He was also overbearing. As a sidebar here, you really want to read a book on Phil Burton by John Jacobs. Jacobs used to be the political editor of the *San Francisco Examiner.*

HICKE: Is that the one that is fairly new?

McCARTHY: Yes.

HICKE: I've been reading excerpts from it.[1]

McCARTHY: Everyone says it does a superb job. It shows Phil's good qualities and bad habits. Among his good qualities was his unquenchable energy in pursuit of civil liberties, civil rights, and helping poor. He was very skilled in building a strong cadre of elected officials. More than any other human being, Phil was responsible for Willie Brown being elected to the state assembly in 1964. He took charge of the reapportionment of legislative seats in 1961 and created a district that brought most black people, and strong white liberals, into one district, a district then occupied by an old Irishman named Ed Gaffney. Phil made it possible for Willie Brown on the second try to be elected to the assembly. Phil Burton was the creator of that seat. So Phil was the father in a very real sense of many of the people who were elected to office in the city.

HICKE: I was asking you about Phil Burton and his group. You were in opposition to him.

McCARTHY: We had several battles. In 1962, there was an assembly seat, the 23rd Assembly District, occupied by John O'Connell, who had vacated to run for Congress against then-Republican Congressman Bill Mailliard. John Foran was a good friend of mine and a candidate I supported for that seat. Phil's administrative assistant, Frank Heileger, a very bright and decent person, also ran. John Foran won the seat, so we triumphed in that battle with Phil Burton.

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1. *A Rage for Justice--the Passion and Politics of Phillip Burton*, John Jacobs. Berkeley: University of California Press, 1995.

Two years later, Phil's brother John Burton ran for Phil's assembly seat, and I had a wonderful man named John Delury, who worked for Gene McAteer at that time. John Burton won 58 to 42 percent. We were unwise to challenge Phil on his own turf. That was the same area Phil had represented as an assemblyman for eight years before he went to Congress in a special election for Jack Shelley's seat. They had a big edge, and we should have recognized that. I was unrealistic.

Then Phil supported George Moscone for the state senate seat in '66, and they triumphed on that one.

HICKE: Oh, that's when you ran.

McCARTHY: That's when I ran. In addition, we were fighting over who controlled the Democratic County Central Committee. Our side won a couple of times, and Phil's side won a couple of times.

When I became speaker in June 1974, the differences between Phil Burton and I really then disappeared. This was true despite the fact I defeated Willie Brown for the speakership twice that year. Phil and I cooperated on different things. We weren't buddies, but we were working allies in a number of races. What I really appreciated, so you can see how the threads of these things come together, was Phil's support of Art Agnos in 1976. First of all, I should tell you when I was elected to the assembly in 1968, I persuaded Art Agnos, who had been a volunteer in my campaign, to become my administrative assistant. He's an MSW [master of social work], and he was working in the San Francisco Housing Authority with elderly people. Art was and remains a very bright man, very ethical. He did a great job as my administrative assistant. Helped me do all the things necessary to become assembly speaker in 1974. We got involved in some Democratic primaries, we elected some talented candidates around the state of California in the 1972 and 1974 elections.

HICKE: I want to get that whole story eventually.

McCARTHY: When I became speaker, I made Art my chief of staff. That was in June of '74. He decided he wanted to run for an assembly seat vacated by John Foran.

Foran decided to run for a state senate seat in 1976. Art Agnos ran for the assembly in 1976, and Phil and John Burton both supported Art Agnos. They liked him, and saw his talent and convictions.

HICKE: That is interesting, isn't it?

McCARTHY: Yes. It is. So that pretty much made peace.

HICKE: Well, does the story of the Democrats pretty much cover San Francisco politics at that time, or did the Republicans have any . . ?

McCARTHY: When I went on the board of supervisors, there were two Republicans. Joe Tinney was really a moderate Republican, and Clarissa McMann could be described as a conservative Republican. Joe left the board when he was appointed assessor by Jack Shelley. Clarissa was defeated at the supervisors' election in 1967. Only one Republican has served on the board since then, appointed by [Mayor] Frank Jordan, Annemarie Conroy. Annemarie was defeated when she came up for election. There are no Republican elected officials in San Francisco. Republican voter registration is down to about 18 percent.

So what's consequential is any major divisions that may exist within the Democratic party. San Francisco-based Republican corporate business leaders are extremely important in statewide races. They raise a lot of money for usually Republican candidates. A couple of Democrats coming out of San Francisco, like Dianne Feinstein, have been able to get some of that Republican downtown corporate money, because as mayor, she helped solve some problems that they were concerned about.

[End Tape 2, Side B]

[Begin Tape 3, Side A]

HICKE: I did want to ask you about [former Mayor Joseph] Joe Alioto.

McCARTHY: When Gene McAteer died in May 1967, and Jack Shelley decided not to run for a second term, Joe Alioto decided to run for mayor. Alioto was a co-chairman for McAteer. He was a well-known trial lawyer, and I don't think he'd really thought about running for mayor. The McAteer supporters got

behind Joe, and he successfully challenged Harold Dobbs, who was making his second run for the mayor's job, in November 1967.

Supervisor Jack Morrison also ran for mayor that year. Joe Alioto and Phil Burton didn't like each other. Phil Burton supported Jack Morrison in that election, but Jack lost in the primary, so Joe Alioto faced Harold Dobbs.

HICKE: What kind of changes did he make, if anything comes to mind immediately? You were only there a year while he was . . .

McCARTHY: I have no memory of any fundamental changes that he instituted. In this very popular international city, Joe did a good job playing host to extremely important visitors from other nations, to major conventions when they come in, mainly business conventions. Joe Alioto did that very well.

As to the day-to-day grind of guiding individual departments, I have no recollection that he did much of that. Joe was an entertainer. Joe played the violin, Joe was an excellent speaker, Joe could tell an anecdote with the best of them, Joe was very bright. But Joe was a mayor like he was a trial lawyer. He had one case, he put all of his energy into it, that case was decided one way or another, and then he moved on to another case. Similarly, he seized a few issues as mayor, but had little taste of being the chief executive of a large city.

HICKE: That's really a nice, encapsulated way of putting it.

McCARTHY: Many mayors are like that, not just Joe.

HICKE: Did you say there were three major functions, or did you just say there were several? You just told me the entertainment and then the managing of city departments.

McCARTHY: Joe was energized by audiences at celebratory events. He was a vivacious, interesting personality. But behind closed doors, the details of city budgets and intricacies of many city problems competed unsuccessfully for his attention.

[tape interruption]

HICKE: Have we pretty much covered your term as supervisor?

McCARTHY: I think so. More than I've discussed it with anybody else in the last twenty-five years anyway.

HICKE: OK. Well, it's been a very interesting little tour here through San Francisco. So maybe next time, we can start with the California Commission on Aging. I know that's backing up, chronologically. Or do you have time to talk about that now?

McCARTHY: Actually, my appointment to that commission by Governor Pat Brown was sort of simultaneous with my first years on the board of supervisors.

HICKE: Sixty-two, I think.

McCARTHY: I think it was late '62. I attended meetings on that commission in different parts of California. It was a forum for aging concerns. It would give reports to the state legislature and the governor identifying serious difficulties elderly Californians faced. But frankly, it had very little effect, because only two persons that I can identify in the legislature was really paying any attention to the problems of the elderly. They were Senator Joseph Kennick of Long Beach and Phil Burton.

At that time, the State Commission on Aging included many good people who wanted to make changes, but politically could not get it done, without active leadership from the governor and many legislators. To pass a controversial law that has strong opposition is difficult. It's like running a campaign. You need some support inside in the legislature, in the governor's office, and you need support in the public. You need some stories in the media. How you knit all of that together is the key to how you make change in a state the size of California.

One example, and then we can save this for the next time: nursing home reforms. With ample federal funding, the nursing home business became big business in California. There were nonprofit homes that were often religious affiliated. The motivation of the people who ran those was usually genuine and good, and 95 percent of the nonprofit operations were good operations. Given limited resources, people came with good hearts and professional management.

Then you have the for-profit part of the nursing home industry, and there were national chains that were created. A couple of these nursing home chains became publicly traded companies. When you get that big, you tend to cut corners. Around 70 percent of the beds in those nursing homes were funded by the federal government. People who consider themselves middle-class all their lives would quickly run out of money if they used only personal resources to pay the cost of the nursing home. Often children of elderly people who might be raising their own young children would have a tough time covering such costs. If the parent or grandparent or uncle hadn't debilitated too much, younger family members could keep them in their own home, if it were large enough. But often, many elderly reach an infirm stage and need full-time attention.

A lot of the nursing homes started to allow abuses to occur. Since this was big business, the for-profit nursing home industry had its own lobbying operation in Sacramento. So when a legislator undertook to cure some of those abuses, you had a lot of opposition. I was involved in that twice, once in 1973 and once in 1983. To bring about better nursing home practices, you have to hold hearings, you have to get the media to write about it, you single out some horrible cases to get attention, to get sympathy, and you create enough heat so that even legislators who have accepted campaign contributions from the nursing home lobby fear not voting for improvements. Although if the media were not watching, weakening amendments were put into your bills at the behest of the industry.

That's all for today.

HICKE: Well, your point was, you didn't do this with the Commission on Aging?

McCARTHY: That's right. Didn't have the political muscle.

HICKE: But still, you were talking about it. I mean, you were talking about it early on.

McCARTHY: Yes. We were making people more aware, building constituencies.

HICKE: OK, thank you, sir.

McCARTHY: You're very welcome.

[End Tape 3, Side A]

[End of Session]

[Session 3, February 15, 1996]

[Begin Tape 4, Side A]

HICKE: Before we get onto what I sent you on the outline, I want to go back up just a minute to the Commission on Aging. One of my colleagues was interested in whether the Ford Foundation had funded a study to set this up. Do you know anything about its early origins?

McCARTHY: No, I don't. I don't remember any Ford Foundation study. That doesn't mean there wasn't one, but I don't remember any.

HICKE: OK. So this morning we're going to talk about your run for the legislature. And can we just start with about how you decided and how it went, the campaign?

McCARTHY: After I became an administrative assistant to State Senator Gene McAteer in 1959, I knew my long-term goal would be to try to be elected to the legislature. An opening occurred in 1968. [Assemblyman] Charles Meyers, the incumbent Democrat, had been in the seat since 1948. He had received some bad publicity for doing frivolous things, like ordering 10,000 or 15,000 pencils with the state emblem on it to give away. Really small stuff, but it was used to symbolize what was said to be his ineffectiveness in the office. He was liked by everybody but admired by few. For years, Charlie went out seven nights a week to meetings to give out resolutions and be seen, but was not known to take many strong legislative stands or carry any serious legislation in Sacramento. So under pressure, he was retiring in 1968.

HICKE: Pressure from constituents, or other party members?

McCARTHY: Mostly a pounding from newspaper articles. The *San Francisco Examiner* at the time was after him. Sid Kossen, a political writer for the *Examiner* who covered the Sacramento capitol scene, wrote blistering articles once or twice a week about Charlie. In any event, the opportunity came, and I filed for the seat. This was my second attempt for the state legislature, because I had run for the state senate and lost in the primary to George Moscone in June of 1966.

In 1968, I was elected in the primary comfortably, and in November had a good result. It was a strong Democratic seat. I was very fortunate to have broad support in that district. I had run well there in my races for the board of supervisors.

HICKE: Did you campaign on any specific issues?

McCARTHY: I campaigned on jobs, and education, and concerns of elderly people. And there were a couple of environmental issues that I championed at the time as well. Those were the main ones.

HICKE: San Francisco, or California-wide?

McCARTHY: Both.

HICKE: We're going to do environment as a whole topic from beginning to end, but if it crops up before, let's discuss it.

McCARTHY: Kim sent you that . . .

HICKE: She sent me that article, yes.

McCARTHY: Did you get the one earlier than that that I told you about, that I think was published in late '79?

HICKE: From the *California Journal*?

McCARTHY: Yes. It was about environmental legislation.

HICKE: Yes. I have everything that's ever been in the *California Journal* that mentions you.

Do you remember your first day in the legislature?

McCARTHY: I was thrilled. It was a dream fulfilled. The Democrats had lost the majority, so it was a bit strange to be in the minority, but that could hardly dim my enthusiasm. I was just so excited to be there. The chance to participate in

that arena was a really exhilarating experience. I knew I had a lot to learn, but I had had some exposure for four years as Gene McAteer's administrative assistant, and I had my five years' experience on the board of supervisors. So I went in with some knowledge, but still felt like the proverbial freshman.

HICKE: Which you were.

McCARTHY: Yes. With a great deal to learn about many subjects. I was enthusiastic about each committee assignment that I had. I remember I was on the Revenue and Taxation Committee. Interestingly, [Assemblyman William] Bill Bagley, Republican from Marin, was the chairman of that committee. He's now on the UC [University of California] Board of Regents. Bill was one of Speaker Bob Monagan's core group of maybe half a dozen mostly moderate Republicans who had badgered [Speaker Jesse] Jess Unruh during the mid-sixties. They won the majority in November '68, and Monagan became speaker. The Republicans had most of the committee chairmanships. Bill Bagley was the chairman of the Rev and Tax Committee. Because it handled critical issues, I enjoyed the tax committee very much.

HICKE: Can we talk a bit about what you did on that?

McCARTHY: I came in with all the exuberance of a reformer, looking at tax laws that might be very unfair. Even as a first-termer, I espoused amendments to the constitution to get rid of those sections which required a two-thirds vote in the legislature to raise the taxes of oil companies but only a simple majority vote for most other taxpayers. There were two protected categories of business. One was oil companies, the other was banks and insurance companies. I joined others in putting constitutional amendments on the ballot. Those originated in the Assembly Revenue and Taxation Committee. It felt very good to make the tax system at least a little more even-handed.

What I learned in the tax committee was that every group wanted to reduce its own taxes. Each came in with an articulate explanation of why that was fair. Usually, one business group was attempting to gain a competitive advantage against other businesses. On the one hand, they were saying, "Keep government off our backs." On the other hand, they were in there trying to

obtain a tax advantage against competitors, instead of competing with them in the normal way in the marketplace.

HICKE: These were individual companies you're talking about?

McCARTHY: Oh, individual companies and groups as well.

HICKE: Industry-wide groups?

McCARTHY: Sure, sure. What else about the tax?

HICKE: Well, we'll go into it in a little more detail later. What other committees were you put on right away?

McCARTHY: Labor Committee. I had an important constituency in the labor unions, so I asked to go on that committee, and was on that committee for six years; chairman of it for two years. On the Labor Committee, I got into the area of child labor. There were a lot of thirteen-, fourteen-, fifteen-year-old children being worked long hours, not only in the fields picking crops with their parents but also in the cities, mainly in gas stations and hotels. After working many hours each day, the kids would fall asleep in the classroom the next morning.

So I introduced a bill to reduce the number of hours that teenagers would be allowed to work. I managed to get a decent bill out of it, after negotiating some compromises. A very interesting note: I couldn't get any help from the United Farm Workers Union.

HICKE: No?

McCARTHY: They didn't want to take on their parents, who were members, and try to persuade the parents to send their kids to school. The parents wanted the money that the kids brought in picking crops.

HICKE: That is an interesting facet of it.

McCARTHY: On the other hand, I did get help from the California Rural Legal Assistance, the nonprofit corporation set up to provide legal assistance to rural poor. They were very helpful.

There were other issues as well that came up in the Labor Committee.

HICKE: Before we finish, at some point, I'm hoping to get the numbers of whatever bills we talk about, so if you remember any of them, just let me know. If you don't, we can try to look them up. This one I assume was passed in both houses and signed, and so forth, and became law.

McCARTHY: Yes.

HICKE: So if they just come to mind, tell me. Otherwise, we'll worry about them later.

McCARTHY: Interesting, I think the child labor bill was signed by [Governor] Ronald Reagan.

HICKE: Must have been '71 or '72?

McCARTHY: Yes.

HICKE: And then you were starting to tell me about some other issues that you dealt with on the Labor Committee.

McCARTHY: I was involved in raising the minimum wage law. That was consigned at some point to the Industrial Welfare Commission. They took it over. I think in the first years I was there, the legislature was still doing it by statute.

HICKE: You mean setting the minimum wage?

McCARTHY: Yes. It's always a difficult fight, to raise the minimum wage.

HICKE: Does anybody know whether it helps or hurts, and who it helps and who it hurts?

McCARTHY: Oh, I'm convinced it helps. The answer from employers always was, Jeez, we'll have to fire a lot of people.

HICKE: Doesn't happen?

McCARTHY: No. Not if the economy is growing. If the economy is shrinking, you can make a case. There are margins. When you fire a person who's making $3.75 an hour as against $4.10 an hour, you have to ask, Is the person a good worker, does the person really help the employer, is the person productive, good attitude, good with the other employees? Obviously there are a lot of things that go into judging whether a person should be kept on or laid off. But there was never any convincing proof that raising the minimum wage at such low levels really led to job reductions. When we started on this, I think

the minimum wage was $3.35. I visited some families with kids, living in pretty poor circumstances. I just thought they deserved a little better. Nowadays, few [labor] leaders pay attention to the minimum wage law. Jack Henning, top man in the California AFL-CIO for a quarter-century, really cared.

HICKE: And he was always supportive?

McCARTHY: Yes. He never lost sight of the lowest wage workers.

HICKE: Would they have been union members?

McCARTHY: No.

HICKE: So that was another . . .

McCARTHY: That's the point. When you have an employer paying minimum wage, you don't usually have a union.

HICKE: So who did support this?

McCARTHY: You could get the votes for lifting the minimum wage once you put it out on the floor. But there wasn't a lot of initiative to make that bill a high priority.

HICKE: You got support from other legislators?

McCARTHY: Other Democrats. I don't know if I ever got support from Republicans on that issue.

HICKE: Well, I do have a couple of things here. You also chaired the Joint Assembly Committee on Premature Subdivisions. There were five bills passed by that committee.

McCARTHY: Oh, yes. That was a great fight.

HICKE: Those were A.B. 1300 to 1302, I have those.[1]

McCARTHY: Yes. That was a subcommittee. The full committee was called Planning and Land Use. That's another committee I was lucky enough to get on. That was chaired by a man named Paul Priolo. He's living in San Francisco now. He

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1. A.B. 1300, 1971 Reg. Sess., Cal. Stat., ch. 1399 (1971). A.B. 1301, 1971 Reg. Sess., Cal. Stat., ch. 1446 (1971). A.B. 1302, 1971 Reg. Sess., Cal. Stat., ch. 1327 (1971).

was elected from Santa Monica and became the Republican floor leader. [Interruption] Paul Priolo was the chairman of the committee and was in the scheme of things a moderate Republican. He was very pro-business, but saw the need for fair land use planning laws.

I asked to get on that committee. The speaker asks members what are their committee preferences, and then tries to accommodate them. Once on that committee, I learned there were a number of big corporations like Boise Cascade who bought up thousands of acres in the foothills, and some of it even in the desert, subdivided it, and sold it at inflated prices to city dwellers.

HICKE: You told me about this in a preliminary interview which wasn't on tape, so let's do it again.

McCARTHY: I think there's an article in the *California Journal* about this.

HICKE: OK, we'll find that one.

McCARTHY: Thanks to the good work of three newspaper people, one of them was Lynn Ludlow [?], then a news reporter for the *San Francisco Examiner*, and I think he's on the editorial staff of the *San Francisco Examiner* today. Then there was an excellent reporter with the *Fresno Bee* whose name slips me at the moment, and another one with the *L.A. Times*. They did good old investigative journalism, went out and exposed some of the consumer abuses that were going on. In a nutshell it went like this: Ten big corporations would go out and buy up a lot of land, put in some roads, put in some underground utilities. Then they would partner with some real estate broker groups in the cities, and would market these lots in the foothills, and some in the desert area, as great, wonderful second homes, called recreation subdivisions. What they did was greatly inflate the value of the land, and make a handsome profit, well over the value of the modest infrastructure that they'd installed.

Their marketing pitch was sophisticated. They had films to show urban audiences, stressing the aesthetic value of the property. One of the salesmen from one of the operations testified that they would take city dwellers to look at the lots. As guides took potential buyers on a tour, they had their walkie-

Legislature Examines Spreading Rural Subdivisions

Rural land booms are hardly a novel feature in the evolution of the California landscape, but several modern variations on the theme currently figure to be a high priority target for organized conservationism at the 1971 Legislature. Termed "second home" or "recreational" communities by their developers and "premature subdivisions" by their critics, rural subdivisions vary greatly in quality and size. Their common distinguishing features, however, are extensive initial acreage, relative isolation, and emphasis upon lot sales rather than construction.

From an economic standpoint, what the rural subdivision business really seems to amount to is the consumer-sized packaging of California land. The raw land cost of such developments is often not the major expense in this process; the development budget normally must contain healthy allowances for promotion and sales work, and for the increasingly extensive improvements that counties require before approving a subdivision map. The developer usually also provides financing for purchasers. However, the markup on subdivided lots is so great (1000 percent is modest) that the developer who has minimized his own out-of-pocket costs and can sell out the unit in a reasonable length of time (no more than a year or two) stands to reap sizeable profits.

Buyers either want land on which they can build a retirement or vacation home or a chance for speculative profit, or both. According to developers, the relatively low building rate in these subdivisions is a natural consequence of the need for middle-class purchasers to clear their lots of debt before undertaking any construction, and the desire of others simply to own property in its semi-natural state. Whatever the reasons, this means that the lots will produce property tax revenues for an extended period of time before their owners require county services. Even after construction, retirees or second home owners are unlikely to ever make demands on some major public services like education. Such considerations have not been lost on officials in hard-pressed rural counties.

Your Own Garden of Eden

Why is an industry devoted to giving Californians a piece of their own Garden of Eden now suddenly in the center of a storm of controversy? One obvious answer is that the garden has not always been delivered as advertised. A more central concern is that the subdivision of one part of the garden may not only destroy it, but also adjacent parts still owned in common. In truth, the objections are diffuse, and contain elements of consumer protection, ecological balance, aesthetics, public finance, snob zoning, and unadulterated preservationism.

To begin with, financing and sales practices of some subdividers have apparently verged on misrepresentation and outright fraud. Since some purchasers never visit their property until after consummation of the sale, advertising literature and professional salesmanship can adroitly conceal certain harsh realities. Attractive physical features (mountains, lakes and seacoast) may be remote or inaccessible; disagreeable features (brush, gullies and swamps) may be ignored; improvements necessary for access or comfortable habitation (roads, water, sewers, electricity, gas, and telephones) may be unavailable, and amenities that are "planned" (recreational facilities and commercial centers) may never materialize.

Perhaps even worse, the purchaser may not fully comprehend the true nature of his financial involvement. If the developer has been able to use public financing for improvements, substantial bonded indebtedness may be outstanding on each lot, with additional assessments possible if the subdivision does not progress according to the developers' aspirations. Finally, a time-honored sales technique is to proceed from the general proposition that land is a good investment to the specific suggestion that a given lot is the most profitable way to invest in California land. In point of fact, a lot owner in an incompletely sold subdivision is in direct competition with the developer himself, and lots in several well-publicized developments have actually depreciated in value, and are difficult to sell at any price.

Nevertheless, environmentalists, rather than dissatisfied customers have spearheaded the current assult on rural developments. Their opposition is based upon several considerations. First, they believe that many areas being subdivided should remain permanently undeveloped. Such areas include those of special scenic or ecological value or where the environment is simply too fragile to sustain development. Second, subdivisions developed with little understanding of environmental factors often result in unnecessary ecological violence. Examples of this phenomenon include the placing of grid lot patterns on rolling terrain, sizeable earth and vegetation removal, and the obstruction and redirection of natural water courses.

Third, and perhaps most important, the backlog of subdivided lots in many areas seems so great that it is difficult to conceive how they could all be used for residential purposes of any kind. This is the classic condition of "prematurity." The North Coast, the Sierra Foothills, and the Southern desert are the major regions where alleged prematurity exists. However, the problem is more complex than it appears at first blush, a difficulty based upon the unstated and widely accepted assumption that rural subdivisions should be evaluated by urban standards.

In past eras, when a subdivision was plotted prematurely, it became a source of future title problems, but had little environmental impact because improvements seldom went beyond the surveying of the lots. Recently, the demands for better planning and purchaser protection have led many counties to require extensive improvements prior to sale. The expense of making such improvements has undoubtedly deterred many a shoestring subdivider, but it has also dramatically escalated the consequences of prematurity for the environment and for the lot owners, as well, since unused improvments deteriorate rapidly.

(Continued on next page)

The notion that subdivisions be summarily stopped or made prohibitively expensive has a slightly elitist tinge, particularly when proferred by a coalition of local property owners and out-of-town preservationists bound together by the conviction that someone else's land ought to provide their open space. Furthermore, given the existence of a strong market for undeveloped rural land, it may be somewhat unrealistic to suppose that circumvention of a ban would be impossible. Finally, from the standpoint of local fiscal policy, it appears that the full development of the subdivision rather its unoccupied state, is what actually constitutes the threshold of disaster.

On the other hand, traditional "democratic" arguments in favor of wider land ownership undeniably smack of an anti-planning bias. Similarly, proposals for lower standards for rural subdivisions are clearly self-serving when they come from subdividers who have little or no financial interest in construction.

Aspects of rural land sale and development have elicited occasional interest from the Legislature. The State Subdivided Lands Act originally provided only for the registration of all divisions into more than four parcels and the issuance of a report by the State Real Estate Commissioner. Misrepresentation or fraud were the only grounds for denial. Relatively recent amendments provide for the satisfaction of affirmative standards, primarily that the financial arrangements will be adequate to complete the proposed improvements and the land will be usable for the purpose for which it is being sold. Local government, however, has the responsibility for determining the appropriateness of any given subdivision and the necessity of specific improvements, pursuant to the Subdivision Map Act. In 1969, the Land Project Act segregated large volume rural subdivisions from the Land Act and subjected them to additional controls, including a 48-hour recision clause. However, out-of-state land offerings are subject to even more stringent regulation in California than any domestic sales.

In 1970, a proposal by Senator Walsh (SB 395) to require a fifty percent "build-out" in five years on all subdivisions fueled a controversy previously started by crusading Nevada County District Attorney Harold Berliner, and led early in December to interim hearings by joint committees in both the Senate and Assembly. Testimony produced little in the ways of surprises, but brought forth recitations of the tribulations of such auspiciously named developments as Salton City, California Valley, California City, Palm Springs Panorama, Brooktrails, Lake of the Pines, and Shelter Cove.

Conflict of Interest

Officials from several counties admitted that they had in the past been taken in by the enthusiasm of subdividers, and other witnesses suggested that there are connections between developers and public officials in small counties that pose serious conflict of interest problems. Developers, including giant Boise-Cascade and the newly-formed Western Developers Council, took the position that abuses had occurred but that major firms were cooperating with authorities and each other to police themselves. The hard-lining California Real Estate Association (CREA) minimized problems and suggested that public officials should count on providing compensation for land owners in the event the government wished to defer development in areas where a general plan permitted it.

Proposed solutions varied widely. Most witnesses seemed to agree that the state was making an effort to keep abreast of the consumer fraud problem, but that additional powers were probably needed. County officials indicated that they needed better legal grounds for denying subdivisions and requiring various types of studies or improvements as conditions for approval. A joint city-county task force working on a substantial revision of the Subdivision Map Act will not be finished until 1972. County officials and planning technicians also agreed that there was an urgent need for supplementary technical assistance, particularly in small counties.

Conservationists acknowledged the technical problems faced by local government but suggested that the real problem was a potentially incurable failure of will. A Sierra Club representative came out foursquare for state zoning and a moratorium on all development until a state land use plan can be drafted. The CREA seconded the call for a state plan, but suggested that the moratorium should be on legislation rather than development. Several witnesses proposed some form of inventory control over unbuilt lots. However, formula limitations on the creation of new lots were opposed by developer representatives, some of whom (notably Boise-Cascade) argued that stepping up building in a tight money era was very difficult, even though they planned to accelerate their own efforts in this direction.

Projections for legislative action are indefinite. The Joint Assembly Committee on Premature Subdivision, chaired by Leo McCarthy, has indicated it will attempt to further refine the issue and the potential alternatives in additional hearings early in 1971. Senator Walsh's bill went through several permutations last year, and was never a fully developed proposal. New legislation will require additional technical and conceptual work. Nevertheless, given the head of steam that the issue has picked up recently, the odds are in favor of the passage of some substantive proposal in 1971. Early odds favor some kind of environmental standards and additional anti-fraud provisions.

A recent memo to the press from the Office of the Governor invited press coverage of the presentation of a turkey to the Governor. Capitol observers remarked that they thought the bill signing period ended some months ago.

When the Legislature convenes January 4th, a new State Capitol security system will be operating. Consisting of 16 cameras and 21 viewing monitors, the closed-circuit television network will monitor capitol corridors, the reception area in the Governor's Office, and the basement garage.

talkies. They had a whole line worked up where the guy conducting the tour would phone a guy up in the central office and say, "Hey, I'm here with Mr. and Mrs. Jones at lot C-18, and they're interested." "Oh, I'm sorry, someone just bought lot C-18, but there's another one very close by," responded his teammate in the central office.

HICKE: Bait and switch, isn't that?

McCARTHY: Yes. We had a salesman for one of these outfits testify. Not every company resorted to cheap, ruthless tactics. They did use excessive hype. They were often targeting elderly people too. Many elderly people invested their money.

HICKE: Would the second lot have been unbuildable or something like that, or just inferior?

McCARTHY: The cost would be far greater than what they were looking at.

HICKE: OK. That's what I wondered--what happened on the second lot.

McCARTHY: Yes. I was lucky to get a top legislative consultant named Tom Willoughby, who is now the lobbyist for PG&E [Pacific Gas & Electric Company]. He's one of the finest men I ever met in public life. Incorruptible, high intellect, very even-tempered. He had been the consultant to the Assembly Local Government Committee for many years. Tom helped then-Chairman John Knox, a Democrat elected from Richmond, California, to be the author of many important laws on local government formation and all aspects of local government.

A lot of these second home subdivisions were in unincorporated areas, usually in rural counties, so that they would avoid thorough regulatory processes. Our assembly committee held hearings around the state. With Tom's great help, we wrote the series of laws to protect consumers and the land.

There were two groups that opposed us. One was the group of ten big corporate land developers, like Boise Cascade and Dart Industries. The second group was the California Realtors Association. They were ably represented in Sacramento by a very intelligent man named Dug Gillies. Dug Gillies had been the consultant to the Senate Governmental Efficiency Committee for a

number of years. He knew the legislative process inside out, had a fine intellect, and was a very worthy opponent. So I had two major, strong groups opposed to different provisions in our series of bills.

We got them out of the assembly in good shape. When they reached the senate, I faced having all the legislation killed. Now, Dug Gillies was well known and respected in that house.

These two opposing groups together were potent.

So I compromised some of the provisions of the legislation, and I gave Dug Gillies some changes that he wanted. Tom Willoughby was clever enough to help me figure out how to do that. We split the opposition, and in effect neutralized the California Real Estate Association. We still had the ten or so big corporate land developers like Boise Cascade as opponents, but they were big and visible. When you're up against outfits that have enormous sums of money and can make campaign contributions and can hire a lot of lobbyists --which they tried to do, incidentally. Besides Dug Gillies, these outfits hired three lobbyists to kill our bills. We managed to get them through the legislature in '71.

They were signed by then-Governor Reagan, which is very interesting, because Justin Dart was one of his big supporters.[1]

HICKE: Oh, really? Why did Reagan sign it?

McCARTHY: He had good advisors!

[End Tape 4, Side A]

[Begin Tape 4, Side B]

HICKE: I also read that you really didn't get much support from the environmentalists.

McCARTHY: No. These bills were not one of their priorities. They were dealing with the coast, and other very important bills--such as public access to rivers in the state. State Senator Peter Behr of Marin [County], a very fine Republican

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1. A.B. 1300, 1301, 1302 were passed and signed. Reagan vetoed A.B. 1303; A.B. 1304 did not pass.

state senator, was carrying the access to rivers bill. None of them passed, because of stern opposition. The *California Journal* article pleased me very much, because nobody else really picked up on the significance of this battle, but this article set it down, that this was the most important environmental achievement of that session.

HICKE: This one article that Kim just sent me?

McCARTHY: Yes, the *California Journal*.

HICKE: OK. We'll just include that. Was the moratorium on development at Tahoe part of your committee?

McCARTHY: That was a separate issue, but my legislation pertained to some of these recreational second home subdivisions that were close to the Tahoe Basin. The Tahoe legislation created a two-state joint governance between California and Nevada for Tahoe. That was different legislation. John Garamendi played a very big role in that. That really happened about '77, '78.

HICKE: OK. Well, it started early, I guess, because I read there was a moratorium on development in '71.

McCARTHY: Yes, that's right. There were a series of laws that incrementally restricted land use. But we couldn't do anything about air pollution and the overbuilding spurred by the gambling joints until we got the bi-state board. But yes, there were a number of laws restricting development on the California side in the Tahoe Basin. But Californians always thought, "Jeez, it's not fair; you're restricting us, and they can still build on the Nevada side. They're getting all the benefits of the economic development."

HICKE: Yes, sure. Another thing that I read is there was the usual battle over reapportionment, and that affected the boundary between your district and Willie Brown's. In '71, I'm talking about.

McCARTHY: Yes. Remember what I told you about our rivalry with the Burton group?

HICKE: Yes.

McCARTHY: The reapportionment in '71 was all a part of that. I really had nothing to say, because Speaker Bob Moretti, who was elected speaker in January of '71. . . . Willie Brown was a close friend and loyal supporter of Bob. Willie was made

Rural Subdivision Control Bills Move Ahead

Ralph Nader's latest broadside, *Power and Land in California*, is certain to arouse renewed public attention to problems of land use in California. But even prior to the release of the Nader report land use regulation proposals ranked behind only welfare, Medi-Cal, and taxation among the most important issues before the 1971 session of the California Legislature.

Sharing the spotlight this session with legislation to preserve the California coastline are a series of proposals designed to inhibit the indiscriminate development of rural subdivisions. Until recently, control of such developments, frequently characterized as "premature" subdivisions, was almost entirely the responsibility of local government. In 1969, however, the Legislature segregated these subdivisions from other types of developments by defining them as "land projects," a term covering parcels containing 50 or more unbuilt lots sold by specified promotional methods and located at least two miles from a community with 1,500 or more voters.

The 1969 Land Project Act subjected these developments to regulation by the State Real Estate Commissioner's office similar to that applied to the sale of out-of-state lands. However, the act, primarily a response to complaints of fraud in the sale of remote lots, did not focus directly upon the environmental consequences of such developments. Statutory responsibility in this area remained with county governments under a rather vague mandate in the Subdivision Map Act (first codified in 1943) to control "design" and "improvements" in the approval of specific subdivision proposals.

McCarthy Bills

The center of the controversy this year has been a package of five bills, AB 1300-1304, by San Francisco Assemblyman Leo McCarthy. McCarthy served as chairman of a lower house subcommittee which held a series of hearings on the problem last winter *(California Journal,* December 1970, pp. 353-4). His bills propose several new consumer protection devices, but their primary objective is to strengthen local controls over proposed rural subdivisions, including the power to prohibit them for environmental reasons.

When first introduced, the bills were opposed by a coalition of developer interests led by the newly-formed Western Developers Council (composed largely of second-home developers) and the California Real Estate Association. McCarthy was able to steer the package of bills through the Assembly despite this joint opposition, and then successfully split the coalition by agreeing to a series of amendments which caused Western Developers to withdraw their opposition prior to hearing in the Senate Local Government Commitee. All except one of the bills, AB 1304, have now cleared their initial hurdle in the Senate, but three, AB 1300, 1302 and 1303, still must be approved by the powerful Finance Committee, and the CREA is reportedly attempting to martial additional support for an attempt to stop a fourth bill (AB 1301) on the Senate Floor. The Senate, meanwhile, has sent a mild reform bill sponsored by the Western Developers Council, SB 292 (Walsh), to the Assembly, where it awaits an uncertain fate.

Consumer Protection

The principal consumer protection device is contained in AB 1300, which originally gave the Real Estate Commissioner the power to refuse to issue a project report, and thereby to prohibit proposed land projects, if he determined that the sale price is not "fair, just and equitable" to the purchaser. The commissioner has this power in regard to the sale of out-of-state lands in California, but the Department of Real Estate and a variety of land interests charged that its application to California land is tantamount to price control and succeeded in getting McCarthy to amend out direct price considerations and to substitute a very general review as to the "reasonableness" of the subdivision financing and the future financial burden for buyers.

A second provision of AB 1300 is intended to clear up ambiguities in the 48-hour rescission right currently granted to purchasers under the Land Project Act. McCarthy's bill offers the purchaser a 14-day "cooling off" period from the time he signs a sales contract. This is a stronger protection than that contained in the Senate bill, SB 292 (Walsh), which provides only a 48-hour rescission clause, beginning at the time the contract is signed, unless the purchaser has not seen the property, in which case a 14-day rescission right applies.

SUBDIVISIONS *(Continued from previous page)*

AB 1301 grants local jurisdictions expanded powers to review and deny subdivisions on the basis of economic and environmental considerations. The bill proposes the application of seven specific grounds for denial, generally environmental in nature, and requires local governing bodies to deny proposed subdivisions when they find these grounds exist. In contrast to AB 1301, Senator Walsh's SB 292 expands the grounds for denial but makes such denial optional, even when there is a finding that a proposed subdivision will create "substantial adverse environmental effect."

Originally AB 1301 also included a highly controversial provision listing an oversupply of existing unimproved lots as one of the grounds for disapproval of a subdiivsion. This provision was the last vestige of a bill introduced by Senator Walsh last year (SB 395) which would have required a 50 percent "build-out" in five years for all subdiivsions. Developers objected to the unimproved lot inventory concept in AB 1301, complaining that it would force local government into the position of granting a monopoly to the earliest developers in each area, and that the sins of previous developers would be unfairly visited on other landowners who wished to develop their land. If AB 1300 and 1301 were both to pass, the argument continued, local governments would be in the interesting position of exercising supply control over undeveloped lots while the state holds the lid on lot prices in new land projects. McCarthy's Senate amendments eliminated this objection by deleting consideration of the number of unimproved lots as a basis for subdivision approval as well as the controversial "fair, just and equitable" language.

Apply to All Subdivisions

Even with this change, enactment of the new law is far from assured. AB 1301 and a related measure, AB 2381 (Arnett) have generated greater opposition from nearly all segments of the real estate and development industries because their provisions apply to all subdivisions, and not merely to those classified as land projects. AB 2381, which was introduced by Assemblyman Dixon Arnett at the request of the Resources Agency, also would have broadened the definition of subdivision "design" to include general environmental considerations, and required a two-thirds vote by planning commissions for approval of any subdivision map. Arnett's bill was killed in the Assembly Committee on Planning and Land Use, which had previously cleared the McCarthy package.

An even more comprehensive proposal in this area is carried in AB 1375 (Wilson) which substantially rewrites the Subdivision Map Act. The product of three years of intensive work by a joint League of California Cities-County Supervisors Association task force, the bill would correct a multitude of procedural snarls, as well as making major substantive changes. In addition to broadening the powers of local governments to disapprove subdivisions on environmental grounds, one controversial section of the bill enlarges upon the present Quimby Act requirement for park site dedication, imposing additional requirements on a subdivider for the provision of public facilities such as school and fire station sites.

AB 1375 reached the Assembly floor, but will probably ultimately be consigned to further study with the aquiescence of its sponsors, who had previously set 1972 as the target for its enactment. Present opponents of AB 1301 argue that it should receive similar scrutiny, or that at least its application should be restricted to land projects, but McCarthy has thus far avoided such an amendment.

State Assistance

The two additional bills in the McCarthy package give local authorities improved access to state records and expertise in considering subdivision applications (AB 1302) and require cities and counties to comply with criteria and guidelines for local general plans adopted by the Council on Intergovernmental Relations (AB 1303). However, a provision authorizing the withholding of state gas tax funds from local governments which are not in compliance has been deleted in the Senate.

McCarthy's final measure, AB 1304, imposes a five percent tax on the value of each land project lot at the time of sale. Amended in Assembly Ways and Means to make the tax a local prerogative rather than a statewide requirement, the bill will go directly to the Senate Floor (and not to Senate Finance) should it clear the Senate Revenue and Taxation Committee. AB 1304 has been vigorously opposed by developers as a discriminatory tax and a bad precedent. Complicating matters is the fact that the amendments to make the tax a local option, which allow the bill to bypass the Senate Finance Committee, also generate concern on the part of conservationists by offering local governments an incentive for subdivision approval.

The policy question raised by the McCarthy bills boils down to just how much authority the Legislature is ready to grant to either state or local governments to regulate rural subdivisions. Local authorities have been explicit in their requests for stronger controls, but conservationists and others remain distrustful of the local will to exercise such powers. Consumer groups and conservationists have decried the lack of both state and local law which would acknowledge the community's need for intelligent land use. Developers, on the other hand, contend that present law meets most major public requirements, and they are particularly shy of legislation that would switch land planning controls from local agencies to state authorities.

The Nader report, which leveled one of its many blasts in the direction of rural subdivisions, introduced no new issues of substance on this much-debated subject. The timing of its release, however, may provide some added impetus for McCarthy in his attempt to push his package through the Senate when the Legislature reconvenes after Labor Day — providing that Nader's broad swipes at the Legislature itself do generate a countervailing backlash in the capitol.

NO-FAULT INSURANCE UPHELD

No-fault auto insurance was found constitutional by the Massachusetts' Supreme Court. In the case of *Pinnick vs. Cleary*, the court ruled against Milton Pinnick who claimed his right to sue was violated by the 1970 no-fault law which prohibits suits over "pain and suffering" unless medical expenses exceed $500. The law also requires bodily injury claims under $2,000 to be paid by the policyholder's own insurer regardless of fault in the accident. No-fault laws have also been enacted by Delaware, Florida, and Puerto Rico.

chairman of the Ways and Means Committee, the budget committee. He was probably Moretti's most important advisor. Willie had control over how those San Francisco assembly district lines were drawn during the 1971 legislative session, together with John Burton.

So the truth is that John Foran and I, the other two Democratic assembly members, had very little to say about the 1971 reapportionment.

HICKE: Was there any major effect on your district?

McCARTHY: Well, you know, San Francisco had turned so strongly Democratic that you really couldn't create a district in which a Democrat would lose, except through his or her own negligence. And that would be in the primary, not in the general. Every legislator turns into a beast during consideration of reapportionment. Each always wants neighborhoods that make it better for the incumbent.

HICKE: What do you think about reapportionment in general? Is there some solution to this perennial problem?

McCARTHY: Actually, it's been made more objective through the courts. The notion that two assembly districts have to fit into one state senate district, for instance. It's a good idea. Then other court decisions that have come down regarding race, court-established rational standards, will have a salutary effect in the long term. Historically, legislators have done it in their own self-interest, and the interest of their political parties. I suppose you could try to set up some sort of citizens' commission. But who appoints the members of the commission? The governor? Well, the governor is a Democrat or Republican, so he's going to appoint. . . . The governor will try to avoid the appearance of partisanship. The work of such a commission might be a bit less partisan than what the legislature would do, but it's still inherently a very partisan kind of activity.

People have suggested the courts might do it. Well, who appoints judges? A judge will always appreciate the governor who appointed him. The judge may have some hope of being elevated to the appeal court, et cetera. So there's no method free of political bias.

HICKE: Maybe we can develop a robot that will do the job.

McCARTHY: Yes, sure. [Laughter]

HICKE: Take it out of the hands of humans.

McCARTHY: Yes.

HICKE: OK. Another one, getting a little bit into the Joint Committee on Aging, in 1972, there were bills A.B. 1200 to 1206, sponsored by you. Do you remember those?[1]

McCARTHY: Yes, I do. State Senator [Joseph] Joe Kennick from Long Beach was the key person in the state legislature actively addressing problems of the elderly. He authored a number of statutes before I got there. He had the help of Janet Levy, who under Pat Brown was the executive director of the State Commission on Aging.

Joe Kennick was a respected figure. He authored a joint resolution that created a Joint Legislative Committee on the Aging.

HICKE: That's what I have exactly.

McCARTHY: He worked it out so that I was appointed chairman of that committee. I appointed Janet Levy the chief staff person for that committee.

I began an investigation of the nursing home abuses with this committee. This committee held hearings around the state of California in 1972. We took testimony from a number of family members who described abuses of parents or uncles or grandparents. We had some powerful testimony, which served as the basis for this series of bills.

Staff is so very important. Janet plus other good staff that were working on it. Two lawyers that worked for nonprofit groups, Fred Hiestand and [inaudible], were indispensible. Both went on successfully to commercial law after that. They each did several years of pro bono work. These two fellows helped me draft these bills.

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1. A.B. 1201, 1972 Reg. Sess., Cal. Stat., ch. 917 (1972). A.B. 1202, 1972 Reg. Sess., Cal. Stat., ch. 918 (1972). A.B. 1204, 1972 Reg. Sess., Cal. Stat., ch. 1022 (1972). A.B. 1206, 1972 Reg. Sess., Cal. Stat., ch. 1144 (1972).

We got into a war with the nursing home lobby. Remember, there are two lobbies for nursing homes up there. One for the nonprofits and one for the for-profits. The nonprofits are usually religious affiliated, and their motives are different. They're not in nursing homes for essentially commercial reasons. They've got to run homes so that they don't accumulate huge debts. But their approach is entirely different. Most of the for-profit industry were our opponents in this fight.

HICKE: Were they in trouble? Were there complaints against the nonprofits too?

McCARTHY: Very rarely. Primarily the for-profits. And then within the for-profits, about a third of the industry ran poor operations. I tried to from time to time say there were many for-profit homes run well. The media categorized them all as bad guys. They all felt angry.

Beverly Homes was a national chain of nursing homes on the stock market at the time. They had a likable lobbyist with whom I was quite friendly in later years, [Charles] Chuck Olson. Chuck had many friends in the legislature. Other industry lobbyists were less effective.

Some nursing home owners gave campaign contributions. It was tough to get a lot of people around. Their lobbyists would kill you with proposed amendments intended to weaken the bills.

We finally managed to keep the majority of provisions in the bills.

HICKE: I think only A.B. 1200 died in committee.

McCARTHY: I thought there were two that died.

HICKE: Yes, there was another one. Seven of them were introduced.

McCARTHY: We got the majority of them to Governor Ronald Reagan's desk.

HICKE: And he signed?

McCARTHY: He signed.

HICKE: And Moretti supported this, I understand.

McCARTHY: Yes. I think Moretti voted for them. It was not a priority for him, but he voted for them.

HICKE: Who would support it?

McCARTHY: Well, again, as in the case of the second home recreational subdivisions, you had several reporters that were covering this area. As I think I've mentioned, sometimes to get decent laws enacted, you have to create waves around California and hope the waves will reach the shores of the capitol.

HICKE: Very good.

McCARTHY: The media play a very critical role in all of that. Most legislators will see what's being written up. That coverage will get their interest on the merits, or it will give them pause before they casually give a vote to a lobbyist who's asking them to oppose. That's part of the mass psychology involved.

HICKE: So the media is a countervailing force against the lobbyist, sort of?

McCARTHY: Absolutely. On certain kinds of issues, the media plays an indispensable role, if they concentrate on good old, investigative reporting. Unfortunately, today there's much less of that good old, investigative reporting. Today, we're in the era now of "gotcha" journalism, where they spend a lot of their time trying to prove legislators corrupt.

HICKE: Or anybody else.

McCARTHY: Yes. The shallowness of "gotcha" journalism was demonstrated a couple of days ago. Republican presidential candidate Lamar Alexander was asked if he knew the price of a gallon of milk and a loaf of bread. When he couldn't answer, that was used as a symbol that he's out of touch with people. [Laughter] Unfortunately, he could have given an answer that showed he had a grasp of economic pressures on families.

There has been a gradual trivializing of issues. If Alexander didn't know the price of housing, or unemployment rates, or whether college was accessible, then he is seriously deficient. It just struck me, the shallowness of this. That's characteristic of much reporting today.

You had a number of reporters that really were top-notch. There is another side. Reporters are not going to be press relations people for legislators. Many public officials will hold press conferences on absolutely nothing, no substance, no policy. You have to scratch your head and say,

"Why is this press conference taking place?" Reporters need to be very skeptical and not let themselves be ill-used like that.

On the other hand, reporters need to be given the time to go investigate issues by their editors. Newspapers more and more are imitating television news reporting. They have become far more commercial. What makes a buck, how much can we pay our reporters? The quality of newspaper reporting is sinking to the level of television reporting.

I was lucky. The fact that reporters were in several of these issues during the 1970s made a big difference in getting the bills enacted into law.

HICKE: That's really interesting, quite an evidence of historical change.

McCARTHY: Oh, yes. It's of critical consequence to the country. It is very determinative of the level of public interest in politics.

[End Tape 4, Side B]

[End of Session]

Analysis of 1972 Votes on Environmental Issues

Rankings of Legislators according to their votes in particular areas — that is, how often they voted the "correct" way — are a common device used by interest groups to identify their "friends" and their "enemies." Most of these tabulations provide only a rough approximation of what is intended, however, and legislators, who dislike being categorized as much as the rest of us, can usually point out serious flaws in the analysis — too much weight given to unimportant issues, abstentions disregarded, votes against threatening amendments counted as "wrong" votes, the inclusion of caucus controlled votes, etc. Thus many organizations, wisely remembering that today's enemy may be tomorrow's ally, simply publish tabulations of legislators' votes on their key issues without attempting to rate the legislators accordingly. This practice is informative and minimizes subjective errors.

It may nevertheless be possible to categorize legislators in a manner which avoids some of these pitfalls. One method is to compare the voting record of each member of one house with the voting record of the other members of that house, rather than with any scale which indicates "good" or "bad" votes. In the following tabulations we have selected 29 floor votes on environmental bills in the Senate. Each senator has then been compared with all the other members of the Senate according to the frequency with which they voted as he did. The next step was to develop a distribution scale for the senators on these votes according to the average percentage figure for the five senators who consistently voted at the opposite extreme, and then to group them according to those figures, as shown.

It should be stressed that the categories into which the distribution scale is divided are arbitrary. Moreover there were a few additional votes after this table was prepared which might change the result slightly.

SENATE ENVIRONMENTAL VOTING INDEX

Most Supportive		Moderately Supportive		Middle		Moderately Unsupportive		Least Supportive	
Roberti	(17%)	Grunsky	(30%)	Wedworth	(47%)	Cologne	(31%)	Richardson	(16%)
Beilenson	(18%)	Alquist	(32%)	Teale	(48%)	Lagomarsino	(42%)	Harmer	(20%)
Gregorio	(19%)	Marks	(33%)	Stevens	(48%)	Marler	(42%)	Schrade	(22%)
Behr	(21%)	Nejedly	(34%)	Stiern	(50%)	Whetmore	(42%)	Dills	(25%)
Petris	(21%)	Holmdahl	(35%)	Collier	(51%)	Walsh	(43%)	Coombs	(26%)
Short	(21%)	Carpenter	(36%)	Deukmejian	(58%)	Cusanovich	(44%)	Bradley	(28%)
Zenovich	(21%)	Mills	(36%)						
Moscone	(25%)	Kennick	(40%)						
Rodda	(25%)	Way	(40%)						
Dymally	(27%)	Carrell	(43%)						
Song	(27%)	Burgener	(45%)						

Senate Votes: AB 1057 (Knox) Bay Area Regional Planning Agency (21-11); Bradley amendment to AB 1057 (21-18); conference report on AB 1057 (14-14); AB 1300 (McCarthy) Rural subdivisions (27-2); AB 1301 (McCarthy) Rural Subdivisions (23-3); AB 1302 (McCarthy) Rural Subdivisions (21-9); AB 1303 (McCarthy) Rural Subdivisions (16-11); Passage of AB 1303 on Reconsideration (21-14); AB 3066 (Z'berg) Park bonds (29-3); ACA 16 (Foran) Gas tax diversion (22-14)*; SB 325 (Mills) Sales tax on gas (22-13); Concurrance on SB 325 (27-4); AB 265 (Schabarum) Air Resources board reorganization (23-2); SB 789 (Petris) Air pollution (21-11) SB 891 (Whetmore) Air pollution (22-15); SB 556 (Alquist) Airport planning (31-2); AB 1608 (Townsend) Airport noise (23-8)*; Passage of AB 1608 on reconsideration (21-11); AB 151 (Crown) Bay bridge crossing (30-5); SB 434 (Gregorio) Toll bridges (22-8); SB 107 (Behr) wild and scenic rivers (19-14); Failure of SB 107 on reconsideration (19-17); AB 2851 (Roberti) Water pollution (11-8); SB 432 (Petris) Economic poisons (21-10); SB 504 (Lagomarsino) Access to public beaches (27-2); SB 490 (Moscone) Environmental damage as public nuisance (21-16); AB 1619 (Vasconcellos) Regional environmental councils (16-10); AB 660 (Dunlap) Mountain lions (28-2); SB 689 (Beilenson) Noise pollution (24-5).

Vote is on final passage unless otherwise indicated.
*⅔ vote required.

AB 1057 would have created a forty-member (later increased to 75 members and still later to 83 members) Conservation and Development Agency for the nine-county San Francisco Bay Area, charged with drawing up a comprehensive resources plan for the whole region. The plan was to cover transportation, solid waste disposal, conservation and development of the San Francisco Bay, air and water pollution control, the development of parks and open spaces, and land development practices.

As with most of the other major pieces of environmentalist legislation this year, AB 1057 moved easily through the Assembly but ran into stiff and ultimately decisive opposition in the Senate. That opposition came from several sources. Many local government representatives strongly opposed an agency which would be controlled by a council which did not consist entirely of local officials. This was the position, essentially, of the League of California Cities, as well. Numerous private interests, including developers and real estate interests, also opposed the measure. However, the strongest opposition to the bill, when it finally reached the Senate floor in November, came from the California Republican Assembly. That organization, which has long fought against the growth of regional government and planning on philosophical grounds, put heavy pressure on conservative Republican senators to vote against AB 1057.

Proponents of the bill, led by the Association of Bay Area Governments and its contract lobbyist, Robert J. Beckus, did a tough, professional job of moving the bill through two Senate Committees, Local Government and Revenue and Taxation. Nevertheless, last ditch opposition on the Senate floor was successful in finally defeating the measure. Over the objections of the bill's supporters, Senator Clark Bradley got a majority vote to amend the bill to require a regional referendum to approve the agency before it could go into effect. At Knox's request the Assembly refused to concur with this amendment, and the bill went to conference. There Knox won agreement that the public referendum would follow rather than precede the agency's establishment, something he insisted upon, but when the conference report came up in the Senate in the last days of the session, he could not get sufficient votes for final passage.

Premature Subdivisions

Among the eight subjects of greatest consequence to environmentalists this year, it was only in the field of restricting the development of premature subdivisions that the environmentalists gained a major victory. The passage of AB 1300, 1301 and 1302, authored by Assemblyman Leo T. McCarthy, and their subsequent signing by the Governor, represent at this writing, the single positive achievement for environmentalists in the 1971 session. And yet the environmental lobby played a very small part in this victory; it is to Assemblyman McCarthy that, according to all accounts, the victory truly belongs.

Although destruction of the environment through unrestricted subdivision development, particularly in rural and mountainous areas, has long been the target of many writers and others closely identified with the conservation movement, the environmentalists had no specific proposal of their own to place before the 1971 session (with the possible exception of the land use aspects of the proposed State Environmental Quality Board). The package of bills McCarthy introduced were the product of his earlier subcommittee hearings and the staff work of Tom Willoughby, Consultant to the Assembly Local Government Committee. Moreover, it was McCarthy himself who guided the bills through the Legislature, arguing their merits, negotiating with opponents, counting votes, making those compromises which were necessary, and directing external support (press coverage, publicity among conservation groups, etc.) along the way.

McCarthy's original package (see *California Journal*, July-August 1971, pp. 199-200) included five bills, AB 1300-1304. AB 1300 is a consumer protection measure giving the State Real Estate Commissioner the authority to deny proposed "land projects" (rural subdivisions) on the basis of a review of their reasonableness with respect to financial provisions and offering lot buyers a 14-day cooling-off period before a sale becomes final. AB 1301, which is more important to environmentalists, gives local jurisdictions greater powers over subdivisions of all kinds. The measure establishes seven specific grounds for denial of a subdivision permit and requires local governing bodies to deny a permit where any of these grounds exist. Two other bills, AB 1302 and AB 1303 gave local agencies additional assistance in reviewing subdivision applications and required them to comply with state criteria in the preparation of local general plans. A final measure, AB 1304, which failed to get past the Senate Revenue and Taxation Committee, would have imposed a five percent tax on the value of each rural subdivision lot at the time of sale as a means for recovering public development costs. These bills, said McCarthy, "should be viewed as only the beginning of my subcommittee's efforts to develop strong legislation to regulate premature subdivision."

Despite persistent opposition from real estate interests, including the California Real Estate Association, and vigorous objections from developers, represented by the Western Developers Council, McCarthy was ultimately successful in getting four of his five bills to the Governor's desk and, at the very last minute, Reagan's signature on AB 1300, 1301 and 1302. (Reagan vetoed AB 1303 which dealt with state criteria for local planning.) McCarthy's success was certainly due in large part to careful tactical planning and tough negotiations; for each concession, given up only after the matter had been argued fully, and often not until he had counted votes and knew he couldn't get a particular item anyway, McCarthy insisted upon a firm commitment that the other side would drop its opposition or, in the case of a legislator, pledge him his vote. For example, he was successful in getting the Western Developers Council to drop its opposition by giving up any reference to price considerations in AB 1300, but only after he was certain he could not maintain that

(Continued on page 309)

provision in any case. Moreover, McCarthy managed to reduce the effectiveness of his opponents by forcing them to give greater attention to AB 1300, the more popular consumer protection measure, than to AB 1301, which was the principal environmental bill in the package.

Environmental Quality Board

The concept of combining all state agencies which have a substantial role in environmental protection into a single unit has been popular among environmentalists for several years — particularly among those who tend to believe that such an action would in itself remove many of the principal obstacles to active and effective environmental protection by the state. Thus there was considerable interest in a bill introduced by Assemblyman Jesse M. Unruh in 1970 to create a single environmental protection agency. That bill was quickly killed, however, by the Republican controlled Assembly Natural Resources and Conservation Committee, where there was little interest in aiding Unruh's gubernatorial campaign. Nevertheless, the idea persisted and was the subject of discussions during the fall and winter of 1970 among environmentalists interested in backing a similar measure in 1971.

At about the same time the Governor's Environmental Study Council was preparing to issue a report recommending the creation of a single environmental quality agency, and Deputy Attorney General Nicholas C. Yost was drafting a bill to carry out the council's recommendation. When this became known, those who supported the idea quickly joined forces, setting up the necessary citizens' group, Californian's for Environmental Quality, a "letterhead organization" made up of most of the leaders of the existing environmentalist organizations, which in turn hired Michael Manley, Unruh's former legislative aide, as its lobbyist.

As it was introduced, the bill, AB 1056 (Z'berg) was clearly the single most ambitious package of environmental protection legislation ever placed before the Legislature. It would have created an Environmental Quality Board, aided by eight regional boards, patterned after the present water quality control structure. The new board was to have regulatory powers over air and water quality control, solid waste management, land use (including controls over the development of the coastline and Lake Tahoe), nuclear radiation, and noise abatement programs. It was also to have power to veto any proposed state or local project which in its view might substantially damage the environment. The board was to consist of seven full-time members responsible for policy formulation and direction of a sizable staff acquired from the existing Water Quality and Air Resources Boards.

Nearly all elements of the environmentalist lobby rallied to support the bill, although the PCL clearly did so with little enthusiasm, as it felt that the timing was wrong for a measure of such scope and far reaching impact and was not prepared to divert a substantial portion of its limited resources to backing it. The Sierra Club gave the bill its full support, although it was somewhat embarrassing for the club to do so as it had been a strong advocate of the notion that coastline legislation should be the single primary objective for the 1971 session.

Although the new agency had been proposed by the Governor's own environmental council, it was strongly opposed by the Reagan administration, which eventually produced a much less ambitious reorganization plan of its own. Moreover, the measure lacked strong support from Democrats, who were concerned that the bill was too hastily drawn and that too little was known about the probable impact of all of the provisions contained in its 200 pages. Thus, although Z'berg had little difficulty moving the bill through his own committee and the Assembly Ways and Means Committee, he had considerable difficulty in rounding up a sufficient number of votes (two-thirds) on the Assembly floor for passage. Because the bill was so comprehensive in its scope, it also attracted opposition from every affected interest — local government lobbyists, land developers, the water lobby, and many others. Moreover, a number of assemblymen who favored strengthening existing air and water quality agencies were not attracted to the idea of moving to create a super agency before other efforts had failed.

Z'berg was eventually forced to delete the appropriation (unspecified) from the bill so that a simple majority would be adequate for passage. In addition, according to opponents, he assured a number of reluctant Assemblymen that they could vote for the measure with the assurance that it would be killed in the Senate — not an uncommon tactic among authors who have exhausted every other possibility. In any case, Z'berg got his majority (46-26) on July 26th, and the bill moved to the Senate.

On the Senate side Z'berg had some hope that, with the pro Tem's help, he could get the bill assigned to the Local Government Committee rather than either the Natural Resources or the Governmental Organization Committees, but neither Z'berg nor Mills had sufficient leverage with the Rules Committee, which assigns all bills in the Senate, and AB 1056 proceeded to certain death in the Governmental Organization Committee. Z'berg apparently conceded defeat at this point, for he made little effort to sell his bill to the members of committee, other than assuring them that if they would pass it the Governor would surely veto it. The bill was killed with a 3-6 vote on November 8th.

Lead in Gasoline

Among the many bills introduced in the 1970 session to combat air pollution, one of the most important to environmentalists was a bill authored by Assemblyman Peter F. Schabarum, which was intended to force the oil companies to stop adding lead to gasoline sold in California. Despite strong opposition from the oil companies and the suppliers of lead, the bill got as far as the Senate Transportation Committee before it was killed. This year the effort was renewed with a somewhat "weaker" bill. The measure, AB 399, again authored by Schabarum, would have required a reduction

in the tetra-ethyl lead in gasoline from 3.0 grams per gallon in 1972 to 0.5 gram per gallon after July 1, 1977.

AB 399 passed the Assembly on April 20th with a 59-6 vote. After several hearings before the Senate Transportation Committee, which environmentalists believe to be a stronghold of the highway lobby, the bill was defeated on June 12th on a 4-7 vote. It was not the highway lobby alone, however, which killed the bill. Although the PCL and a number of clean air groups which are members of the Coalition for Clean Air strongly supported the measure, the Sierra Club, which did not take a position at the outset, announced to the Senate committee that it opposed the bill because it was too weak *(i.e.,* moved too slowly in eliminating lead additives and gave too much local control). The Sierra Club's action, say the bill's supporters, provided an excuse for opposition votes by two members of the committee who otherwise would have had to go along with the bill, thus denying the measure what would have been a bare majority.

Gas Tax Diversion

According to environmentalists, one measure which truly provides a real possibility for reforming the state's transportation system — that is, for curing its "freeway mania" — is an amendment to the state constitution to permit the allocation of gasoline tax revenues to purposes other than highway building. The effort to prepare and present such an amendment to the voter began some two and one-half years ago when two members of the Assembly Office of Research got the Constitutional Revision Commission sufficiently interested in the idea to draft and eventually approve such an amendment. Assemblyman John Foran then put the amendment into a bill which he introduced in 1970. With the help of the League of California Cities and a strong San Francisco Bay Area coalition of environmentalists, plus considerable staff work, Foran got his measure past the Assembly on a close vote, but lost it in the Senate Transportation Committee.

Foran reintroduced his bill this year as ACA 16 and moved it through the Assembly with much less difficulty, getting a 64-9 vote on the Assembly floor, ten votes more than the two-thirds required for constitutional amendments. The bill was then assigned to the Senate Committee on Public Utilities and Commerce (following a route established earlier for President pro Tem James Mills' gasoline sales tax bill) where it encountered no serious obstacles and was moved easily to the Senate floor. There the opponent of the measure, the much dreaded (or respected, depending on one's point of view) highway lobby, having been denied an opportunity to kill the bill in the Senate Transportation Committee, was lying in wait. Clearly it was in the interests of the highway lobby — the oil companies, auto manufacturers and freeway builders — to commit its resources heavily at this point, for it could cost no more than a fraction of what it would cost later to fight a ballot proposition, if the bill was not stopped. Nevertheless, ACA 16 had at least an outside chance; Foran had strong support from an array of environmental organizations — PCL, the Sierra Club, the Coalition for Clean Air, and other active anti-air pollution forces — and, more important, he had his own close relationships with several senior members of the Senate.

In the view of many observers, however, ACA 16 was killed, in effect, when the Legislature passed SB 325, carried by Senator Mills, which extends the sales tax to gasoline and provides that the new revenue, estimated at $179 million per year, shall go to local public transportation agencies. SB 325 had been opposed by the environmental lobby on the grounds that it will simply provide a cash infusion for existing transit agencies without creating the possibility for a thorough restructioning of the state's total transportation network. This view was largely shared by the highway lobby, which supported SB 325 knowing that its passage would undercut efforts to get a constitutional amendment. (Mills also carried a constitutional amendment like Foran's, but did not push it.) Governor Reagan appeared to be reluctant to sign SB 325 when it came to him because of his previously stated opposition to tax increases, but reportedly did so under heavy pressure from the highway lobby and the federal government, which apparently saw this as a way of protecting its own freeway construction plans.

On November 14th, ACA 16 was brought up for a vote in the Senate, a vote of record inasmuch as its supporters knew they lacked the necessary two-thirds, and got 22 favorable votes. As of this writing the measure is still alive and being worked very hard by Senate Majority Floor Leader George Moscone, but its chances appear to be extremely slim at best.

Standing to Sue

At present, California law authorizes the Attorney General to bring legal actions to protect the environment from industrial and commercial activities which constitute a nuisance as defined by statute in 1872. A private citizen must show special injury to himself in order to bring suit. Four bills were introduced in 1971 to expand the possibility for legal action to protect the environment. SB 490 (Moscone) would have enlarged the definition of "nuisance" with respect to environmental pollution and would also have allowed private citizens to bring suit against such nuisances without the necessity for a showing of special injury to themselves. AB 838 (Hayes) and AB 985 (Z'berg) would have established a new cause of action, permitting individual citizens to bring court actions to enforce environmental protection laws, also without having to show a special interest in the particular violations. Supporters of these two measures argued that there are too many incidents of environmental pollution to be handled by the Attorney General alone. Both bills provided certain safeguards against an excessive number of private suits.

SB 490 moved through the Senate toward what appeared to be all but certain success in the Assembly. By the time it reached the Assembly Judiciary Committee, however, heavy lobbying by a number of opposing groups resulted in its defeat. AB 838 and AB 985 meanwhile had gotten through the Assembly but were

defeated in the Senate Judiciary Committee.

The only successful bill among the four was SB 678, carried by Senator Robert J. Lagomarsino for Attorney General Evelle J. Younger. SB 678 authorizes the Attorney General to file suit to stop damage to the environment, including aesthetic damage, before it happens as well as after the fact. In addition, it provides that any party who files suit to halt environmental damage shall notify the Attorney General, who may join in the action. With strong backing from the administration as well as the PCL and other groups, the bill moved through both houses with little overt opposition and was signed into law by the Governor on November 16th.

A Disheartening Year

"Although a few environmentally necessary bills have been successful this year," said Assemblyman Z'berg near the end of the session, "the list of defeats is disheartening." Assembly Minority Leader Bob Monagan was moved to comment that Californians concerned about environmental pollution "have had precious little reason to cheer the performance of the 1971 State Legislature." Among the eight principal areas of concern, environmentalists lost the two issues, coastline protection and wild rivers, in which they made their strongest efforts; they were defeated in attempting to create a new state environmental agency and in creating a Bay Area planning council; they lost on the gas tax diversion issue, and they made only a small gain on the question of standing to sue. The only legislation, in these eight areas, which represents a clear and important victory, McCarthy's bills to prohibit premature subdivisions, was achieved with very little direct assistance from the environmentalist lobby. The obvious question is, why was this so, why did the environmental lobby have so little success in relation to its objectives?

Nader Report Criticisms

Some of the severest criticism of the environmental lobby has come not from its third house foes but from Ralph Nader's task force, which this fall released its report entitled *Land and Power in California*. Speaking of the work of the environmental lobby in 1970, the report commented that " . . . all of their efforts seem marked by a disturbing kind of amateurism which usually ensures failure, but which taints even success with offensiveness. This is evident in mad scrambles for credit whenever success occurs and, more importantly, in the conservationists' almost complete failure to seek out other allies." Neither the Sierra Club nor the PCL has tried to gain support for environmentalist legislation from labor or consumer groups, said Nader's investigators, despite the frequent commitment of these groups to conservation causes. The report also attacked the factionalism which it found in the PCL and Sierra Club, charging that the PCL, originally set up as an "umbrella" lobbying group for environmentalists, has lost much of its potential effectiveness through "internal power struggles", and that in the Sierra Club "factionalism and lack of coordination abounds", with the result that the "mobilization of its membership has been sporadic and largely ineffective".

John Zierold, lobbyist for the PCL from 1965 to 1970 and for the Sierra Club in 1971, dismisses these

charges as inaccurate and uninformed insofar as they apply to the present. Although Zierold himself characterizes the efforts of environmentalists in 1970 as "disorganized, diffuse, and easily shot down," he says that this year they waged highly professional, well organized campaigns for coastline protection and preservation of wild rivers. In these two fields, says Zierold, environmentalists used their "Sunday punch", and their lack of success came not from their own failure but from the failure of the Senate to respond to the will of the people. The conflict between the Coastal Alliance and the PCL on the coastline legislation was not a serious obstacle to its passage, he claims. In 1971, he argues, there was more cohesion among the participating groups than there ever has been before, and, as a consequence, they were able to mobilize public opinion, stimulate community action and do all the other things necessary to get the maximum number of votes for the coastline and wild rivers bills.

Environmentalists can't compete with other interests in "government by toll gate", says Zierold, by which he means using campaign contributions as a means not necessarily of buying votes on specific issues

but of ensuring that legislators, who have a strong sense of self-preservation, will give very serious attention to the contributor's interests. Nor is it enough, he says, to rely on what he calls "intellectual accupuncture", that is, the use of rational argument among persons with some basic intellectual affinity. Environmentalists must get the issues in which they are interested out in the open, he says, and they must stress public accountability for legislators. Thus Zierold likes to reverse the question, "Why has the environmentalist lobby had so little success this year?" to "Why has the Legislature again failed to enact necessary environmental legislation?"

Tax Disadvantage

Environmentalists can expect to be heavily outspent by opposing interests in Sacramento and throughout the state. Although it is impossible to make exact comparisons of expenditures for lobbying — the oil lobby, for example, spent substantial sums this session not only to defeat the gas tax amendment but to fight efforts to lower depletion allowances and to tax exempt income — it is safe to assume that environmentalists were outspent at least 10 to 1 in Sacramento. As the recent Nader report pointed out, non-profit "public interest" organizations cannot maintain their tax exempt status, which is essential to them in raising private support, and at the same time lobby for legislation they

believe to be needed. Thus, they must either lose that status, as the Sierra Club has done, or organize groups specifically for influencing legislation, such as the PCL, Coastal Alliance, and others, which will have a very difficult time raising much money. However, opposing interest groups, such as trade associations for manufacturers and land developers, as well as public and private utilities, can expend substantial sums for lobbying and charge the cost as business expense.

Thus the environmentalists can count on being out-manned and out-spent in the capitol for the foreseeable future. Moreover, the simple fact that the private interest lobbyists have been around a lot longer than the environmentalists, means that they often have much closer personal ties to senior legislators in the Senate, several of whom continue to wield tremendous power despite recent changes in Senate leadership.

Press Support

On the other hand, the environmentalists have a number of advantages, also. One is their ability to use the press and other media to help arose public opinion and to bring pressure to bear directly and indirectly on legislators when it is needed. Examples during 1971 are easy to find: articles in the *Sacramento Bee* and other papers regarding the effects of premature rural subdivisions were certainly helpful to the legislation which McCarthy subsequently carried; several papers, including the *Los Angeles Times*, ran editorials at crucial times calling for passage of the wild rivers bill; the coastline bill got heavy publicity, mostly favorable, in the news and editorial pages of papers throughout the state.

Another area in which the environmentalists may often have a clear advantage over opposing interests is in access to technical expertise. By and large, the environmentalists, rather than the developers, water agencies, and real estate associations, have the ability to marshall academic experts in ecology, biology, economics, and the various fields of engineering. According to legislative staff members responsible for organizing committee hearings to acquaint legislators and the public with the basic issues, the environmentalists have frequently proven themselves to be extremely adept at presenting experts who not only have facts at hand but can present them in a direct and understandable fashion, without resorting to unnecessary overstatement. Thus, legislators have become substantially less dependent upon industry experts for their information on specific matters before them than they once were. It may be, as Zierold says, that "intellectual accupuncture" is not enough, but it surely helps their cause considerably when the environmentalists are able to present more impressive technical material than their opponents, as they were on a number of occasions this year.

Third House Allies

Some environmentalists, taking issue with Nader task force criticisms, argue that they can expect to have few allies among other third house interests in their legislative battles. Labor they point out, is more likely to side with management on many environmental issues, particularly when unemployment is high and the legislation appears to threaten to reduce jobs. Consumers and students are not, themselves, well enough organized to be of significant aid. And minority groups may see a threat to their local strength in the increasing emphasis among environmentalists upon regional government. Yet the fact is that environmentalists can find allies among other interest groups on specific bills, and this was demonstrated in several instances this

year. The California Rural Legal Assistance, the AFL-CIO, the Teamsters, the United Farmworkers Organizing Committee, and the County Health Officers Association joined with environmentalists in supporting SB 432 (Petris) giving the Department of Health a stronger hand in pesticide use in agriculture. The United Auto Workers were helpful in rounding up crucial votes for major environmental bills on more than one occasion, as was the California Medical Association. Experience suggests that if environmentalists are willing to treat each measure separately, to look for support as well as votes where they can find them just as other lobbyists do, they will often find valuable allies who can deliver a vote or two at a critical time.

Perhaps the principal difficulty for the environmentalist lobby in this regard is its tendency to get trapped by its own efforts to mobilize public opinion. It is essential to the success of most environmentalist measures that a strong show of public backing be made both before a bill is introduced and during its passage through the Legislature, and several of the organizations are very good at this. Nevertheless, it then becomes difficult for those who are working the bill to make the compromises which are necessary to gain essential votes. It is also difficult for them to make use of potential allies who may not be recognized or accepted as such by those supporters outside Sacramento who are inclined to demand loyalty on every issue. (Thus some Sierra Club members were reported to be outraged when one of PCL's part-time lobbyists helped another client to defeat legislation banning phosphates from detergents.)

Choosing Authors

This difficulty also extends to the selection of authors for major bills. Those who have never seen a bill worked through the Legislature in the face of strong opposition often tend to underestimate the importance of the work done by individual legislators who are intent upon getting their bills passed. But, as Assemblyman McCarthy's success this year with his bills, as well as the failure of at least one other major bill demonstrates, the effectiveness of the bill's author can be, and perhaps always is, the single most important factor in controversial matters. To be successful, the author must want to get his bill passed, he must have the ability and willingness to lobby influential legislators in the other house, he must know how to bargain without giving away more than he has to, he must know how to count votes, and he must know how to make pledges of support stick. All of this, of course, is well known to many in the environmentalist lobby. Their difficulty lies in the fact that they too often seem to feel that they must select authors only from those who have demonstrated their loyalty and purity in the past, and thus they needlessly limit themselves to a handful of legislators, not all of whom have the required abilities.

PCL's President Richard Wilson also argues that environmentalists must learn that they can't go for all or nothing in legislation, that they must try to get workable legislation to start with, and then build from that. Unfortunately, Wilson says, environmentalists are not good at staying with an issue after enactment, but tend to lose their interest too soon. As an example, he says, while environmentalists were out "pouring champagne over each other's heads" following passage of the Tahoe Compact in 1969, the opposition was busy preparing to get their people appointed to the commission. As an example of what can be done, Wilson and Tom Willoughby point to the initial success of the Bay Conservation and Development Commission, which, they say, has been a result not simply of the legislation but because individuals and groups in the Bay Area have made it their business to follow closely the BCDC's progress, and to demand that it live up to expectations.

Composition of the Senate

Those who participated in this year's defeats do not always agree on the reasons for their losses, but there is one point on which there does seem to be considerable agreement. That is that environmentalists will have little success in the Legislature until there is a change in the composition of the Senate. There are, they believe, too many Senators who have held their seats too long with too close a relationship to other interest groups to be reachable by the environmental lobby on any of the major issues. Thus if they are to obtain the legislation they seek, they believe that they must be prepared to make environmental protection an important, perhaps *the* important issue in the next elections in several senatorial districts. The elections in 1970 of Senators Peter Behr and Arlen Gregorio proved it can be done, they believe, although it is clearly one thing to fill a vacant seat and another to defeat an incumbent. In any case, it seems to be generally accepted that the effort must be made if the records of 1970 and 1971 are not to be repeated endlessly.

It is equally evident that opposing interests will be prepared to devote substantial resources to defending friendly incumbents and to defeating their opponents. So the environmentalists will have to be prepared to devote a very substantial portion of their resources to this activity, at the expense of their efforts next year in Sacramento. It will also require money and time and considerable numbers of people to carry out the Coastal Alliance's plan to get a coastline protection measure on the November 1972 ballot through the initiative process, and then to get it approved by the voters.

At the moment, environmentalists are not agreed on what this will mean for the legislative effort in the next session. Tentative plans call for the reintroduction of most of the major bills which were defeated this year, including measures dealing with the coastline, Bay Area planning, consolidation of state environmental control agencies, and vehicle inspection. It remains to be seen, however, whether environmentalists will be able to do the things they now think are necessary and still conduct an effective legislation program in 1972.

[Session 4, February 22, 1996]

[Begin Tape 5, Side A]

HICKE: I read the book you mentioned last time by [William K.] Sandy Muir.[1] One of the things the author talks about a lot is how people learn to be legislators. Can you tell me about that experience for you?

McCARTHY: Yes. Well, the core duty of an elected state legislator is, of course, to make a judgment on proposed laws, or to review old laws to see whether they should be eliminated or amended. In order to be prepared to make that judgment on legislation presented in the form of a bill before standing committees, in order to be able to even ask questions about it, you have to first be able to use all the resources available to you. That involves the Legislative Counsel's office, the Legislative Analyst's office, the standing committee staff, and any sources of information external to the legislature. You ought to ask relevant executive branch agencies of the state government. Some local government officials or staff will have opinions.

In other words, do a broad search, try to get a series of perspectives on what a bill is about, knowing full well that the perspectives you get will come from each peculiar vantage point. Then you can synthesize all those views and come out with some kind of balanced judgment.

HICKE: Sounds like a time-consuming process.

McCARTHY: If you do it right, it is a time-consuming process. Of course, the pace of the legislature grows so hectic in the last several months that you must be

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1. William Muir, *Legislature: California's School for Politics*, University of Chicago Press, Chicago and London, 1982.

selective in a disciplined way to look at those bills in which you are most interested. Those may include subjects on which you claim some expertise, whether it's labor law or environmental law or education, whatever it may be. Then other miscellaneous bills that have such statewide significance that you've really got to make a special effort to learn about the content and the conflicting views of those bills so that you can vote in an intelligent, honest way.

HICKE: Such as revenue and tax bills?

McCARTHY: Laws increasing or decreasing taxes would be one of the major areas that you should go out of your way to develop special information about.

The ability to frame questions to witnesses or the author after you've acquired that broad information is very critical at a standing committee meeting. The question one legislator poses may well open up a line of inquiry by other members of the standing committee that will really lead to a useful development of committee discussion on a bill, so that you can be confident as to whether you should vote for it, or vote to amend it, or oppose it.

You have to understand that at least a third of the membership will not have that discipline for whatever reasons, so you have to count on the remaining two-thirds of the legislators who really do try to make an effort to understand the content of bills. Even after a diligent review of the bill, you may miss some very vital things about the bill. There are so many subjects that come before the legislature that you cannot possibly know much about many of those subjects. So you have to count upon, and you do come to depend upon, some legislators whose intellect and heart you trust when they talk about particular bills, because it's a subject area that they have focused on much more than you.

The ability to pose those questions during a committee meeting, or your ability to hit the key points when you're presenting a bill to a committee, are absolutely bottom-rock qualities that a good lawmaker must have in presenting a bill, because you're going to have some serious lawmakers who will pose

questions. You cannot bamboozle your way, try to trick your way most of the time past committees.

HICKE: How about lobbies? Do lobbyists have pertinent information?

McCARTHY: Yes. Most lobbyists now represent a wide range of economic and governmental interests, so there are some lobbyists that you should take quite seriously as being good sources of substantive information. You always remember, of course, they're coming with their client's point of view. Still, many will give you good, hard information that you should incorporate into your overall picture of a proposed bill.

There are other lobbyists that really aren't very knowledgeable about the subject, and they will expect campaign contributions to get your good will, and eventually, they hope, your vote. You just have to learn to be able to discern between the two categories of lobbyists.

HICKE: Well, let me ask you, when you joined the legislature, whom did you work with closely that you trusted and depended on? What other legislators? And maybe even what lobbyists?

McCARTHY: There were many. [Assemblyman] Art Agnos on welfare issues. [Assemblyman John] Jack Knox, an expert on local government legislation. [Assemblymen] Ed Z'berg and Charles Warren, experts on environmental legislation and energy legislation. [Assemblyman] John Foran on budget and transportation matters. [Assemblyman] Frank Lanterman, who was a Republican from suburban Los Angeles, on developmentally disabled legislation.

HICKE: As we talk more about some of the issues, more names will come to mind, but I think it's interesting just to know which ones you picked out of the thin air.

McCARTHY: Yes. Senator Joe Kennick I mentioned to you as an expert on the aging.

HICKE: What happens to the other ones that are the legislators who don't care much or learn how to be good legislators? Do they subside, or do they hang around?

McCARTHY: Oh, they may be there for a long time. Being a legislator is prestigious. The pay wasn't very good when I was there, but the pay is good now. You're usually on a pedestal, have people paying attention to you because of your

rank, showing deference to you. All of that, of course, is great for the ego. And then you're in a power situation. The exercise of power can be very intoxicating. So even though you may not have a specific set of public purposes, or may not have the discipline to analyze bills and be fully informed about what's in them, just sitting up there and listening to all this testimony, voting on things that may become laws that control people's lives in one way or another, is a very heady kind of experience. That makes them important people. It's very flattering.

HICKE: Well, those are all good reasons for the legislator to stay in place. Why would his constituents leave him or her there?

McCARTHY: Well, often they don't. It depends upon what kind of a constituency it is. Some constituencies are more demanding than others, and I don't mean individual companies or specific labor unions with economic self-interest. I'm talking about the broader constituency. I'm talking about the mass of people out there. In quite a few legislative districts, there are a lot of people who are active. They take civic duty seriously, supporting schools, or involved in some other important part of our lives and they follow it. They'll contact legislators. They'll write letters.

So even if those activists constitute only 10 to 15 percent of all constituents, it's enough for most legislators to pay attention. They will respond, because if you anger a lot of intelligent, articulate people that are posing reasonable inquiries about what you're doing and why, if you anger them or ignore them, you can reasonably assume they're going to go tell a lot of other people that you're indifferent or inattentive and don't deserve to be there. Some constituencies put a lot more pressure on their lawmakers than others do.

But the desire to remain in the office and to be reelected is a very compelling motivator for most members of the legislature. After all, they have made a great sacrifice to get there. Many have given up sources of economic income. They spend a lot of time separated from their families. For all the up side that I've mentioned, there's also a down side. It can be an emotional

roller coaster in Sacramento. Going through campaigns can be very tough in a lot of districts, even though maybe two-thirds of the districts are fairly safe districts. If you get careless, even though you think you're safe, you can be attacked successfully and knocked out of your office. There's a lot of tension involved, a lot of going out at night to meetings in your district, that has an impact upon family life. There's a real down side to all of this as well as that heady up side experience that I described to you.

The point I'm making is legislators will be attentive to constituents that are bringing problems to them with any kind of minimal courtesy and politeness, and posing questions that deserve to be answered.

HICKE: Actually, you gave me an example of a legislator who wasn't making a whole lot of progress as Charlie Meyers.

McCARTHY: Charlie was kind and considerate, but he was not taken seriously.

HICKE: He didn't do anything that really was earth-shaking?

McCARTHY: There have been and are legislators that sooner or later become exposed as not being taken seriously within the legislature. Once that's seen by constituents, even though the legislator might be a nice guy, once it's understood that person is not a serious participant and really can't get anything accomplished, that legislator's days are numbered.

HICKE: Muir also talked about the Buddy System rule.

McCARTHY: The Buddy System always exists from the beginning to the end of legislative sessions, but the Buddy System becomes really critical in the last three hectic months. You get so busy, the days grow so long, there are so many committee meetings you need to attend, you're on the floor listening to hundreds of bills two or three days a week, you have to rely on, you have to trust in, other legislators.

So the Buddy System doesn't mean necessarily a negative. It doesn't mean doing a favor for the wrong reasons. It may be doing a favor because you trust that person's intellect and character, even though you haven't had a chance to study a bill. It might get so hectic when there are hundreds of bills

moving past you, you come to trust certain legislators, just as you come to distrust certain legislators.

Now, there's another connotation of the Buddy System, of course, where you're just swapping favors without regard to the merits of legislation just to get votes for your own bills to help yourself get reelected.

HICKE: Just for clarification, as I understand it, the Buddy System means that unless you have done an enormous amount of research on your own, you will trust whoever is . . .

McCARTHY: That is one form of the Buddy System. Even if you've done a lot of research on your own, there is no way that it's humanly possible for one lawmaker to keep up with all the critical issues. Suppose you took the 25 percent most important bills that make it out of committee. There's no way for one legislator to know intimately the details of that 25 percent, because in a two-year session, you're talking about over 5,000 bills being introduced, and probably 2,000 are coming out of committees.

A lot of them will be minor bills that are not complicated and easy to understand. But there are hundreds that have important provisions in them that might be controversial. Or there might be a little provision in a bill that certain lobbyists have requested, but you can't discern it from a simple reading of the bill, so you count on a legislator you trust who sat on the committee to get up on the floor and address that problem.

We have committee analyses for each bill on the floor. The staff is supposed to raise these issues, red-flag the issues, so that a legislator listening to floor debate and reading the committee analysis can pick up issues that might concern him. You still must count on a legislator who heard the bill in committee to mention any lingering problems. It is very difficult for any one legislator to catch, even if it's a hard-working legislator and very diligent.

HICKE: Let me ask one more question about the early days. Do you recall other freshmen that you worked with?

McCARTHY: That came in the same year I did?

HICKE: Yes.

McCARTHY: Elected in November 1968. [Congressman] Henry Waxman was one of those. He's now an important member of the U.S. House of Representatives. He became a health expert, and of course is in a potent position on the subject of health. He is the ranking Democrat on a House subcommittee on things that affect health significantly, such as air pollution and tobacco.

A Republican, [Congressman] Jerry Lewis from San Bernardino County. Jerry has been a member of the U.S. House of Representatives a long time.

We didn't have a big class in '68. Out of eighty members in the state assembly that year, there might have been eight or nine new faces that came in. You might get to know those fellow newcomers better if you sat on one or two committees with them. We were all on different committees.

HICKE: Well, we're going to talk in more detail about some of the issues, so what I'd like to do is head for the speakership battle which started in '73, I believe. Anyway, it was effected in '74.

McCARTHY: The first vote occurred in late June, 1974. The speakership battle was really begun in the 1972 elections, because my comrade, Art Agnos, and I were out helping Democratic candidates in primaries where there were open seats, trying to pick up some friends. We started out with three or four votes in early 1972 and eventually built it up to twenty-six Democratic assembly members by June 1974. The first vote in the Assembly Democratic Caucus was 26 to 23. One at a time, we built it up. But I don't think anybody in 1972 was aware that I was positioning myself to run for speaker.

HICKE: Why did you decide to do it?

McCARTHY: Ambition and survival. Wanting to be in a stronger position to exert my views on public policy. The obvious person who was going to run for speaker was then-Assemblyman Willie Brown. Willie was the heir apparent to Speaker Bob Moretti. Bob had become speaker in January of '71. He made Willie Brown chairman of the Assembly Ways and Means Committee, which was easily the most important committee in our house. He did a good job as chairman of that committee and was in a powerful position to influence legislation and to do favors for people and collect votes.

I was not taken seriously as a candidate for speaker, frankly, until six weeks before the anticipated vote.

HICKE: Because Brown had been headed for that.

McCARTHY: Remember, now, Speaker Moretti was in a Democratic primary for governor in 1974. He was one of four major candidates: [Secretary of State Edmund G.] Jerry Brown [Jr.], Mayor Joe Alioto, [Congressman Jerome] Jerry Waldie, and Bob Moretti. He had indicated publicly that after the gubernatorial primary was over, he would step down from the speakership.

Willie Brown at the time was very busy with his duties as chairman of the Ways and Means Committee. I think he was busy helping Bob Moretti in his gubernatorial race in that primary. You got the feeling that they were very confident that of the forty-nine Democratic assembly members; I'm sure they felt Willie had thirty to thirty-three votes.

It was not until after the primary vote when I think Willie started to take a tight count that he really understood he had a problem. He lost a couple of people that he should not have lost in those last critical weeks. There were six black legislators; I had four of them. Willie had his own vote and the vote of a man from Los Angeles named [Assemblyman] Frank Holoman. But I had four black legislators: [Assemblymen] Bill Greene, Julian [C.] Dixon, Leon Ralph, and John Miller.

In addition, there were four Hispanic-surnamed legislators, and I had three of the four. I suspect that Willie had thought maybe he was going to do better in that caucus.

HICKE: What was your method of garnering these votes?

McCARTHY: My method was first to convince them that I could be a good, strong speaker. Secondly, to show them how they would participate on my leadership team and what positions they would hold. Third, I had helped some of them get elected or reelected. I had demonstrated that I could do that, which is very crucial. A speaker must be able to show that he can help retain a majority of his own party and do the things required: fundraise, know how to run campaigns or get the staff that can run campaigns effectively.

Then I think the fact that Willie at the time was extremely confident, and perhaps did not pay as much attention to a lot of individual members as was required during a lengthy period when I was courting them, worked to my favor with some of these.

[End Tape 5, Side A]

[Begin Tape 5, Side B]

HICKE: Were you aware of this so-called Group of Five, [Assemblyman] Barry Keene and . . .

McCARTHY: [Laughter] Yes. Oh, yes. Oh, I visited with them a number of times. I visited with their leadership often. Yes. All sorts of pressures are brought to bear, incidentally. Barry Keene was in the same geographical area as State Senator Randolph Collier, who was a very powerful member of the state senate. He was called the father of the California highway system. At one time, he was a Republican, but he switched and reregistered as a Democrat, because the Democrats swept into office in 1958.

Randy Collier put a lot of pressure on Barry Keene to vote for Willie Brown. What came back to me was that State Senator Randy Collier implicitly threatened Barry Keene that he would support somebody else in that assembly district, if Barry Keene didn't support Willie Brown. Willie Brown and Randy Collier had become good friends. Willie was in a position as chair of the Ways and Means Committee to help on Randy Collier's road projects and other things. And Willie was very. . . . Not only is he quite intelligent, one of the brightest people in the legislature, but he knew how to do favors for other legislators and put them in debt to him. He developed that kind of relationship with Randy Collier.

Two more unlikely people you could not find. Willie Brown from the heart of San Francisco and Randy Collier from Siskiyou County. Willie had the gift to work with a wide range of people, and he became fast friends with Randy Collier. I think Barry wanted to make sure that I had the votes. If he was going to take the leap and risk Collier's wrath, he wanted to be with a

winner. All of which I consider reasonable. But the others in that group I got, and they voted with me. Howard Berman, Henry Waxman, Julian Dixon, and Walter Ingalls.

HICKE: How about [Assemblyman William] Bill Lockyer?

McCARTHY: No, Bill Lockyer went with Willie Brown.

HICKE: Well, this must have been very exciting as we get up to when Willie Brown started paying attention. What happened?

McCARTHY: Oh. [Laughter] Well, first of all, when they saw that the vote was uncertain in the Democratic caucus, Bob Moretti indicated that he was not going to resign from the speaker's office and was going to wait until the end of the year. I liked Bob, and I had no reason to embarrass Bob in any way. I understood his loyalty to Willie Brown. He owed Willie Brown loyalty. Willie Brown had been a very good supporter of Bob Moretti over the years.

I went in to see Bob on three separate occasions, one on one, visits in his speaker's office, reminding him he said he would step down as speaker after the gubernatorial primary. Then finally one of my supporters, Ed Z'berg, one day in mid-June, 1974, made a motion on the floor to vacate the chair, meaning the speaker's chair, which is an entirely proper motion. If you get forty-one votes, you are in effect throwing the speaker out of office.

HICKE: For all time? Not just for the day?

McCARTHY: No, not for the day. Unless that speaker gets forty-one votes to put himself back into office. [Laughter]

HICKE: Oh. So vacating the chair means . . .

McCARTHY: Yes. It's rarely done. But the membership of the house always has that option available to them, if a majority of the house decides that that speaker should go. I want to tell you ironically, whether Ed Z'berg thought I had asked him to do that, I don't know, but I did not. Ed was a very aggressive fellow, very devoted to me. He made that motion on the floor. It upset Speaker Moretti very much, understandably. Any speaker would be upset. It's insulting, and nobody likes to be vacated from the chair. So Bob recessed the house when that motion was made and then we conferred in his office.

Then Bob agreed to have an assembly Democratic caucus on a certain date to have a vote to pick his successor, and he agreed to step down.

HICKE: After you had this caucus, you had the vote?

McCARTHY: Yes. That was soon after Bob agreed to step down.

HICKE: Oh, OK.

McCARTHY: When I got Bob's agreement to step down, that enabled us to schedule an assembly Democratic caucus to have the vote. Then I asked Assemblyman Ed Z'berg to withdraw his motion.

Now, frankly, as I look back on it, Bob Moretti assumed I had the forty-one votes for Z'berg's motion. I don't know whether I had the forty-one votes. Even some of the twenty-six Democratic votes that I had weren't crazy about the idea of kicking Bob Moretti out of the speaker's office. So this is not something. . . . So Z'berg's motion was a rather brazen, high-risk kind of strategy. But I think Bob Moretti believed that I had the forty-one votes. It was fair to assume that we had a good number of Republicans, because I had been talking to some of the Republicans. Of the thirty-one assembly Republicans, at least half were close to Bob Moretti and Willie Brown. There were a number of others that felt left out. I had been talking to some of them. And I had a couple of Republicans that in their caucus were speaking up for me.

So this created enough uncertainty in Bob Moretti's mind, and I guess Willie Brown's mind, that on the day of Z'berg's motion, Bob agreed to step down by the end of June. Even at that point, Willie still thought he was going to win a majority of the assembly Democratic caucus. Within a couple of days, we had that first caucus meeting. They called the roll, and I won 26 to 23. A great deal of tension, great deal of tension. [Assemblywoman] March Fong Eu, who was a supporter of Willie Brown, got very angry at another Democrat who voted for me, [Assemblyman James] Jim Keysor, because she thought he was committed to vote for Willie Brown, and swung her purse at him. [Laughter] A lot of tension in the room. Understandably.

HICKE: One of the few advantages of being a woman. [Laughter]

McCARTHY: Understandably, a lot of tension in the room.

HICKE: This was right in the caucus?

McCARTHY: Right in the caucus. They were standing in the back of the room. Actually, as I remember it, I think the caucus was in one of the committee rooms at the time.

We took a vote, and I almost made a tactical mistake. We agreed to have another assembly Democratic caucus meeting a week later and have the final vote at that time. In that interim period, Willie got people from San Francisco and the East Bay to fill up several buses of black friends and come up to the legislature and go in and out of the offices of a number of assembly Democratic members, particularly the black Democratic assembly members who were supporting me, to try to persuade them to shift their vote. Not one shifted his vote.

We had the final vote a week later, and I was elected speaker. I have a picture, as a matter of fact, of Willie, Bob Moretti, and me making the announcement. Interestingly, the *L.A. Times* used that picture on page one of their paper the next day, and put that page in all their newspaper stands in a cardboard advertisement as a poster, I guess, on tens of thousands of newspaper stands all over southern California where the *L.A. Times* is sold. To his credit, Willie Brown put a very good face on his loss, because he was, I can certainly understand, deeply wounded by this and quite shocked at the loss. These losses, no matter who suffers them, are very hurtful.

HICKE: Sure. You put a lot of yourself into the battle.

McCARTHY: Sure, sure. But in any event, then the transition started. I was elected speaker in late June and took over just before the July recess started that year.

HICKE: Let me go back to something: you said you made a tactical mistake. I don't know if I understood what your mistake was.

McCARTHY: I should have, at that first assembly Democratic caucus, I should have said, "OK, this is the vote in this caucus. I'll fix the date with Bob when we have

the vote on the floor." I was trying to show some deference to Speaker Bob Moretti. I was trying not to say, "Bob, you've got to leave today."

HICKE: So you said, "This won't be the final vote; we'll have another."

McCARTHY: Yes. However it sorted out. I was trying to defer to Bob Moretti, not only because I had no reason to humiliate him, but some of my people liked him very much, and it would have been foolish on my part to force an immediate resignation. I was doing everything I could to avoid that. In doing so, I gave Willie an extra week's opportunity to try to change some minds.

HICKE: Ah, yes. I didn't see what that was. Now I see. And how did you get the fifteen needed Republicans?

McCARTHY: Oh, no, I didn't need them.

HICKE: You didn't need them?

McCARTHY: Because by the time the assembly Democratic caucus occurred, once it was 26 to 23, then there was a unanimous vote to support me. On the floor actually, I also got a number of Republican votes.

HICKE: So the vote in the caucus was unanimous.

McCARTHY: Yes. After it was established that I had a 26 to 23, then someone moved to make it unanimous.

HICKE: Let me just ask, as someone who knows nothing about this, how do you go about counting how many votes you've got?

McCARTHY: One at a time.

HICKE: Do you get people to absolutely commit?

McCARTHY: Absolutely. And you also learn with some legislators, a commitment is truly a commitment. You don't have to worry about it. Once they give you their word, no matter what kind of pressure they get, they'll stick with you. But there is also the kind of legislator that, when faced with a lot of pressure, gets jittery, and even after giving you their word, will equivocate. "Well, Leo, did I say that?" So you always want to get a couple of extra votes above what you need, to allow for that kind of weakness.

HICKE: Is it pretty much understood that they will tell you if they are weakening or changing?

McCARTHY: Not always. You can tell by the way they answer your questions. With some legislators, I kept going around and checking.

HICKE: That's what I wondered. Do you have to talk to them individually all the time?

McCARTHY: Oh, absolutely. This was a long process. Probably every one of the twenty-six votes that I got, I would bet I had a couple of dozen conversations with each of them, over a span of two years.

HICKE: Were you aware of the historical aspects of speakership battles? Had you read or looked at any of the previous ones?

McCARTHY: Not really. I knew something of Jesse Unruh, when he became speaker, and a little bit about how he collected his votes.

HICKE: You learned as you went along.

McCARTHY: That's right.

HICKE: Successfully.

McCARTHY: That's right.

HICKE: What kind of politics came into this whole thing? Alignments within the Democrats. Are there any regional aspects that we haven't talked about?

McCARTHY: No, no, I would say that my twenty-six votes were spread across the state. When you get a small group of legislators making that kind of decision, it's a very personal kind of thing. You assess the person who's asking you to elect him or her speaker, you want to know what strengths that person has to be speaker. There is the positive assessment first: what are the qualities of the person who wishes you to give them awesome power in the speakership office? Then you want to know: what role are you going to play? What legislative authority will you be given to fulfill your own hopes to become a good lawmaker?

Then there is the other-candidate assessment: What's your assessment of the competitor's character qualities? What's your personal relationship with the competitor? So it's at this level: both reasons that concern public policy and reasons that are very personal with each legislator. This is close, hand-to-hand combat in the final days. What you really have to look at is what kind

of history you develop with each of these individuals leading up to the speakership vote. Do they have reasons to trust you, to trust your purposes, to trust whether you can handle the job, to trust whether you will have confidence in them to let them play a serious role? They have to make all those judgments.

HICKE: It's interesting that you said it's hand-to-hand combat, as opposed to a campaign, say, for a seat in the legislature.

McCARTHY: It's very much an insider battle.

HICKE: Yes.

McCARTHY: Virtually all of what happens is out of public view and out of the view of the media.

HICKE: Barry Keene said that you cultivated an open way of talking about policy issues. I don't know if he was talking about this speakership battle or in general, but let me ask you how that worked in your speakership.

McCARTHY: I did discuss policy issues when seeking votes to become speaker. But referring to how I ran the house and how I organized the committees after I became speaker, I put in a lot of reforms. I required, for instance, that there be at least three days' notice to the public about bills being heard, and that there be a lot more openness in the whole legislative committee hearing process. There were a series of rules instituted to achieve fairness and a deliberative process. Those changes symbolized my speakership. I think Muir touches on that once or twice, doesn't he?

HICKE: Yes.

McCARTHY: I had some members scoffing at all of McCarthy's open process rules. I set a series of deadlines for when bills have to move out of the policy committees, and if they needed to go to the Budget Committee, when they have to move out of there, when they have to move out of the house of origin (the house in which the bill is first introduced). All of that trying to even the flow of session work and to reduce the mountain of bills that members of the legislature had faced at the end of previous sessions. It was an effort to try to make more sense out of the whole process. You can still sneak bad bills

through in the last crowded weeks. But it's much more difficult now than it used to be a few decades ago.

Then I stabilized the policy consultants that served on standing committees. While I was speaker, I didn't allow each new chairman to fire all the committee consultants and bring in his own people. Allowing that would tend to bring in only political operatives who didn't know the subject matter of the bills before the committee. Political operatives belong in each legislator's own office. But for the house to function effectively, we needed very bright, knowledgeable experts to staff the standing committees who could write good bill analyses and on whom members of the committee, not just the chairman, could depend.

I had a conversation with each chair of each committee I appointed on this point. I didn't run their committees once I appointed them, but I tried to set down certain standards as to how a legislative house will function. Key to that was how the standing committees within the house functioned.

HICKE: OK. Well, I wanted to get into the transition of speakership functions. We've already started talking about it a little bit. You've already told me what some of your goals were. What were some of the first things that you did? I'm not talking about specific topics now, but in organizing the structure of the committees, for instance.

McCARTHY: I reduced the number of standing committees.

HICKE: And why, just briefly?

McCARTHY: To make more sense of the committees. To get bills heard promptly and deliberately. You see what's happened historically in the U.S. House of Representatives. There are hundreds of committees and subcommittees. Fights over jurisdiction. So you get pieces of a bill considered here and pieces there. I think there were twenty-four assembly standing committees at the time. I reduced them to seventeen and defined their jurisdictions more logically in late August, to take effect in January.

Most of the procedural reforms really took effect in January '75. I let the authors of controversial legislation know that I would help them get lobbyists off their backs.

In '75 and '76 and '77, we passed a lot of controversial bills. I was fortunate to have a number of good Democratic members both as chairs of committees and as authors who really carried a lot of the tough work required. They knew in many instances a lot more about the subject matter than I did, and I trusted them. Many good things happened during those few years. I think part of it, at least, was because we set a certain tone in the assembly, that the wrong kind of special interests would not control the flow of legislation. There was an openness to the whole process that we pushed. I was getting better research out to the members so that they could make informed decisions based on independent information made available to them. A number of these changes I built into the operation of the house in '75 and '76.

[End Tape 5, Side B]

[End of Session]

[Session 5, March 7, 1996]

[Begin Tape 6, Side A]

HICKE: I'd like to back up just a little bit and ask you to tell me about your law practice, which we didn't cover.

McCARTHY: Let's see. I joined a small law firm, Leonoudakis and Kleines, which had a general practice representing a lot of small businesses, creating partnerships and incorporations, some real estate transactions, wills, probate matters. Stayed away from criminal law, and stayed away from domestic relations issues. The firm was largely a transactional law firm, but there were one or two attorneys in the firm that did a lot of trial work as well. I was with them for six years starting in February, 1963, until I entered the legislature in January '69, at which point I gave up my law practice to avoid conflict of interest situations which I might encounter in the legislature.

HICKE: Was there anything particularly memorable that you recall about that practice?

McCARTHY: I think it taught me a deep respect for the rule of law, for the court system, for the importance of judicial resolution of conflicts between people. I was elected to the San Francisco Board of Supervisors a year after I began that law practice, and that office was supposed to be a part-time job.

HICKE: The board of supervisors?

McCARTHY: The board of supervisors. At the time I went on, I think it paid $400 a month. And remember, that was the mid-1960s, when the civil rights movement was underway, and Vietnam protests were beginning to heat up. For the five years I was on that board, it turned into much more than a part-time job. So I was going through the struggle of trying to practice law and at the same time attend long board and board committee meetings at city hall throughout that six-year period. It was a very difficult time.

HICKE: Yes, and you were raising a family. Maybe you could tell me a little bit about them.

McCARTHY: Sure. I married [Jacqueline] Jackie Burke on December 17, 1955. We've had four children. The first child arrived nine months to the day after we were married. That's our daughter Sharon. She's the fifth grade teacher, and a really marvelous teacher.

HICKE: Here?

McCARTHY: Yes, fifth grade, St. Brendan's School, fifth grade. Sharon infuses her energy and creativity into each of the children in her classrooms.

Sharon was born in September, '56. Then fifteen months later, we had our second daughter, Conna. Conna is an attorney now. So we were raising our two daughters, fortunately during an eight-year respite before the two boys arrived. It was a very happy time, but a stressful time. In the sixties, when I was beginning my law practice, going on the board of supervisors, and raising two young daughters. My wife has always been so fantastic a wife and a mother that she made the impossible happen. We raised very good kids, even in the midst of my high-pressure public life.

They were growth years, and very satisfying years. We felt we were doing something useful in public life.

HICKE: Tell me about the boys: what their names were, and what they're doing.

McCARTHY: The first boy is Adam. He's the guy that's in the import-export business now down in North Carolina. He arrived on June 29, '65.

HICKE: You have good recall.

McCARTHY: Yes. I can remember the precise day. [Laughter] His brother, Niall, arrived twenty-two months later, on May 6, 1967. The girls were then getting to an age where they could really do a lot of things to help themselves, and they were wonderful. As the boys were growing up, the girls would help.

HICKE: Do a little babysitting here and there and so forth?

McCARTHY: Yes.

HICKE: Good. It pays to raise your own babysitters, I think.

McCARTHY: That's right, that's right. [Laughter] And the sequence was very good.

HICKE: Yes, the girls in charge of the boys.

McCARTHY: Yes.

HICKE: OK, now let's get back to the legislature. I wrote down just a few of the appointments that I found that you made. You can tell me if there's something significant about them or not. [Assemblyman Raymond] Ray Gonzales at Education.

McCARTHY: The Education Committee.

HICKE: Right, these are all committees.

McCARTHY: Ray was a teacher in a community college in Bakersfield and seemed admirably suited to be the chairman of the Education Committee. He was by experience admirably prepared to take on that role. So I had confidence in appointing him to that, because it's something he had been in the middle of, the nurturing and growth of the school system in California.

HICKE: Was he a freshman legislator, or do you recall?

McCARTHY: I think he was in his second term, so I think when I appointed him, he would have been there three and a half years.

HICKE: OK, then I have [Assemblyman Raymond] Ray Seeley as chairman of Agriculture.

McCARTHY: Ray Seeley was a Republican who came from Riverside County. He was a farmer, he was active in farm groups, and he had his own operation, as I remember. Ray had a feel for what small or medium-sized farmers were going through in those years. On the merits it made sense to appoint him as chairman of the Agriculture Committee. He was a supporter in the speakership battle.

HICKE: [Assemblyman] Alister McAlister at Finance and Insurance.

McCARTHY: Alister McAlister was one of the most honest men I met in politics. That's a very important committee that handles bills of huge fiscal consequence. The decisions made there are subject to enormous pressure by savings and loan companies, insurance companies, a lot of very big businesses in the state. I put him in that chairmanship position because he was very strong, some would say obstinate, stubborn, obdurate.

HICKE: Depends on which side of the fence you're looking at it from.

McCARTHY: That's right. I put him there to try to guide the committee in a very fair and open way, which is exactly what he did. He was a smart guy. I haven't seen him in years now. He taught law classes. He's a very strict Mormon. He practiced what he preached. So by education, by level of intelligence, and by integrity, he was the right man for that position.

And he walked to his own drummer. Alister was not really a follower. Alister made his own decisions. Often, the way he voted on some bills was very conservative, and actually, he and I didn't vote the same way on some issues, other than what was coming out of his committee. On social issues, he was very, very conservative. The Finance and Insurance chair was a hot seat. I needed someone who could stand up to a lot of pressure.

HICKE: The right man for the job.

McCARTHY: Yes.

HICKE: [Assemblyman] Bob Wilson at Governmental Organization.

McCARTHY: Bob Wilson was an assemblyman elected from a conservative district in San Diego County. He's a good lawyer, and a very intelligent fellow; I just made a judgment that he would be dependable in that chairmanship. That chairmanship handled a variety of governmental organization things, and Bob had a good intellect and was capable of sound analysis of a lot of those issues. That committee handled legislation dealing with racetracks, as I recall, and I looked to him to play it very straight on those issues, and he did.

HICKE: [Assemblyman] John Miller, Judiciary.

McCARTHY: John Miller was a practicing attorney from the Oakland-Berkeley area. John was one of the six African-American members of the assembly. John was a very independent person. He loved the law, he wanted to be the chairman of the Judiciary Committee, because that committee handled all the civil law bills that were introduced. He had practiced law for a good while, so he had a good background. I was confident that he would do a good job.

HICKE: And did?

McCARTHY: He was also a supporter of mine. And he did do a good job, yes.

HICKE: Don't we just sort of presume that most of these people supported you, at least in one way or another?

McCARTHY: Yes. That was true in the first initial group of appointments. Later on, when I was making replacements, I appointed some people who had not initially supported me.

HICKE: OK, [Assemblyman] Leon Ralph as head of Rules.

McCARTHY: Leon Ralph was already head of Rules under Bob Moretti. Leon Ralph was an African-American assemblyman from Los Angeles. Ralph was quiet, very well liked, had been running the Rules Committee with a fair hand, wanted to continue in the spot, apparently had not been reassured by my competitor, Willie Brown, that he, Ralph, would continue as chairman of the Rules Committee. Ralph liked both Willie Brown and me. Normally, Ralph would have gone with Willie. Apparently, Ralph was very hurt when he was not given assurances he would continue as chairman of the Rules Committee, a position he already had. He switched to me. He was a crucial person when he came over to my side in our first speakership vote in June, 1974.

HICKE: I know that eventually you appointed [Assemblyman Louis] Lou Papan to that committee.

McCARTHY: Right.

HICKE: Was he right after Leon Ralph?

McCARTHY: Yes. Leon retired. Leon wanted to become a minister, so he retired and did not run for reelection in '76. I appointed Lou to that position.

HICKE: Well, do you want to tell me a little bit about Lou Papan as the head of Rules?

McCARTHY: Lou Papan is Zorba the Greek. [Laughter] He's exuberant, he's fun-loving, he loves his friends, and treats his enemies with little respect. He was labeled by some of the media reporters as "The Enforcer," through his chairmanship of the Rules Committee. Actually, I think that was greatly exaggerated, because we didn't have a policy of severely punishing Democrats who did not support me. That would have been a stupid policy not in our self-interest.

HICKE: You didn't board up their windows?

McCARTHY: Didn't board up their windows. Obviously, when first elected speaker, I helped those in every way I could who had supported me. But over time you bring everyone in, because you have to be a leader of all of the Democrats in the assembly, and occasionally, some of the Republicans. Papan tried to work with everybody who tried to work with our leadership efforts.

HICKE: Was he always a supporter of yours?

McCARTHY: Yes.

HICKE: I know that he was a strong supporter, but I didn't know if he started out that way.

McCARTHY: He did. Lou Papan was a member of the Daly City Council in San Mateo County. Art Agnos and I helped him get elected to the state assembly in 1972.

HICKE: OK. John Foran at Ways and Means.

McCARTHY: John Foran and I have been good friends since high school and stayed close. John and I were kidnaped together in October, 1953, as we came home from undergraduate work at University of San Francisco one night. A killer who had shot a policeman two blocks from John Foran's house found us sitting in my car as I was about to let John out of the car. The motor was running--he rapped on the windshield of the car with his gun and made us drive him to Los Angeles. We were very lucky that we came out of it intact, because he was heavily drugged up.

John Foran and I are very close and have always been. The most important reason to have appointed John Foran as chairman of the Ways and Means Committee was because he's extremely bright, very focused and hard working. That particular chairmanship is a back-breaker of a job. There are many tough chairmanships in both the assembly and the senate. But being the head of a budget committee is the toughest job of all, because of the volume of work and the importance of the decisions that you're making.

Foran always had a great capacity for work. He worked long hours and had a good grasp of a wide range of issues. He had been in the legislature for almost twelve years before I appointed him to that position. He had a lot

of experience, had authored lots of legislation, and was a very gifted person. He did an excellent job as chairman of that budget committee.

HICKE: And then later on, you appointed [Assemblyman Daniel] Dan Boatwright to that.

McCARTHY: Right.

HICKE: Although you appointed him . . .

McCARTHY: That was when John Foran ran for the state senate.

HICKE: I see, OK. First you appointed Boatwright to Rev and Tax . . .

McCARTHY: Rev and Tax Committee, where he did a good job. Boatwright is very hard working, could be somewhat temperamental, but did a good job for the house and for me, both as chairman of Revenue and Taxation Committee and as chairman of the Ways and Means Committee. Deserves an A for his performance in both places.

HICKE: Great.

McCARTHY: Boatwright came from Contra Costa County and was a practicing attorney, had been a deputy D.A. for a short while and then went into private practice over there, and came to the legislature and developed a reputation as a hard worker in those years, in the seventies. He's one of those candidates that Art Agnos and I volunteered to help in his 1972 campaign. We helped him get elected in a tough race, in the central and eastern parts of Contra Costa County.

HICKE: Walter Ingalls in Transportation.

McCARTHY: Walter Ingalls came from Riverside County, he was a practicing attorney down there. He was one of the Waxman-Berman group of five. Four of them were elected in the 1972 elections. They were talking to both Willie Brown and me as the speakership vote approached. Ingalls was in that group of five, along with Howard Berman, Henry Waxman, Barry Keene, and Julian Dixon.

Walter Ingalls had a passion for the subject of transportation. He very much wanted to chair that committee. He had served on that committee for two years. The Inland Empire, which is Riverside and San Bernardino Counties, had a lot of transportation problems. Their population was exploding, business investment was accelerating, and they needed highway

construction very badly. So he put that as a high priority to serve his district. He wanted to become chairman of the Transportation Committee. Not only did he have an interest statewide in the subject, but it was also of benefit to his district in the Inland Empire.

John Foran had been chairman of the Transportation Committee. When I appointed John to become chairman of the Ways and Means Committee, I appointed Walter then to chair Transportation. He did a creditable job.

HICKE: Charles Warren, who was the head of energy and diminishing materials.

McCARTHY: Charles Warren is one of the examples of someone I promoted who had supported Willie Brown. He was and is a very bright, talented man. One of my best supporters, Ed Z'berg, had been the superb chairman of the major environmental protection committee, the Assembly Natural Resources Committee. In August 1974, Ed died of a heart attack at age fifty-one. I had to replace Ed with someone who was very strong. Environmental legislation was one of our main objectives during my speakership. There were tough growth issues facing California. I wanted a very strong person, and I looked at who was available and had the experience and intellect to chair that assembly subcommittee. Those who were against environmental regulation had greater persuasive powers in the senate than they did in the assembly.

Among several members, Warren was the best choice. John Zierold, the head of the Sierra Club at that time, was urging me to appoint him. I brought Charles in. I remember the long conversation we had about what my expectations were of that committee. I gave him a good committee membership, too, that could withstand the great anti-environmental pressures on members against the legislation heard by that committee. Warren did an excellent job. Under his chairmanship, just as had been true under Ed Z'berg's chairmanship, a lot of landmark legislation came out. Charles Warren was strong enough to negotiate the problems out with all of the legislators in both houses, and the developers, environmental groups, and other interests. He had the strength to persuade, compromise, and still come up with very strong

legislation. Not everybody was left happy, obviously, but he did a very good job in passing legislation in those years.

When I was elected lieutenant governor some years later and became the chairman of the State Lands Commission, I persuaded Charles Warren to take the position of executive officer of that commission. The State Lands Commission is responsible for regulating the amount of oil drilling being done in state waters the first three miles off the coast. It also monitors any developments that occur in inland waterways like river systems. Also the State Lands Commission watches over hundreds of thousands of desert acres given to California by the federal government as school grants. The state of California is obligated to use that land in ways that would benefit the Teachers Retirement Fund. The Lands Commission contributed monies earned by mining and energy leases.

[End Tape 6, Side A]

[Begin Tape 6, Side B]

HICKE: You were just saying you did contribute to the . . .

McCARTHY: I persuaded Warren to come in as executive officer of the State Lands Commission. I think that would have been 1991.

Getting back to your original question, I reorganized the two committees that dealt with environmental legislation and consolidated them into one committee and made Warren chairman of that powerful committee. He did a very good job.

HICKE: And you said he was strong enough to handle all these diversified interests. Are we talking about strength of personality, or strength of support?

McCARTHY: In every sense. Moral strength, intellectual strength, personality strength. You needed all of those things to do the job.

HICKE: Was he unflappable, or did he . . .

McCARTHY: He was unflappable; occasionally some thought he was stubborn or he was a curmudgeon. Given his stands, I take those as compliments.

HICKE: And you. . . . Well, we'll get to the State Lands Commission a little later, so I'll save any more questions about that.

We talked about Barry Keene a little bit. You appointed him to Health.

McCARTHY: Health Committee, right. Barry Keene is a very bright man. He had been a practicing attorney from the North Coast area--Del Norte, Humboldt, Mendocino, and part of Sonoma Counties. He is a very analytical, thoughtful person. He had apparently served on the Health Committee his first two years in the assembly and enjoyed it very much, and wanted to get at certain kinds of health problems then facing California. He asked that he be appointed to that committee chairmanship, and I finally made the decision to do that. He did a good job with the committee. He worked hard at it and was responsible for leading the committee to make some very important decisions.

HICKE: Eventually, you appointed Willie Brown to the Rev and Tax Committee.

McCARTHY: Correct.

HICKE: How did that come about?

McCARTHY: I took too long to appoint Willie Brown to an important committee. It was one of my mistakes during my speakership years. I should have brought him in more quickly than I did. I think it took me about a year, maybe even a little longer, to appoint him as chairman of that committee. Nobody ever hesitates to praise Willie Brown's intellect. He was born with a fine mind. Or his ability to understand problems very quickly. He did a very good job for the house and for me as chairman of the Rev and Tax Committee.

I had one basic rule for whoever served as chairman of that committee, and that was: kill all of the special interest bills that were introduced to try to give a tax break to narrow interests. Many businesses decry government interference. Unfortunately, a number of the same companies come to the legislature and try to get some special standing in the tax code. I'm not saying that some of those tax changes can't be argued on the merits. However, frequently at the federal and state level, the tax codes have been riddled with

loopholes that don't have any intelligent rationale or fairness to all of the taxpayers.

Willie Brown, regardless of any personal feelings he may have had, tried not to reduce the revenue we got from our tax system at a time when the population of the state was growing at 700,000 people a year, when we couldn't build schools fast enough, when there were enormous problems in the state.

HICKE: Great. Well, that actually brings up another development I wanted to ask you. You had mentioned you instituted certain reforms, like reducing the number of committees; we talked about that.

McCARTHY: Yes.

HICKE: But I wonder if we could get a little bit more specific. I've read that you, for instance, put a restriction on the speaker removing a committee member in mid-season.

McCARTHY: That's correct.

HICKE: That was yourself, obviously.

McCARTHY: I was speaker. Oh, well, I think I had seen that under previous speakers, when the speaker wanted the vote to go a certain way in a standing committee and was a vote short, he removed a committee member and replaced him with a friendly vote. Frankly, I felt that's the kind of thing that really undermines confidence in the way a legislative house should perform.

HICKE: Public confidence?

McCARTHY: That's right. Public confidence, and the confidence of the other legislators.

HICKE: OK, that's important.

McCARTHY: Yes. That's why I instituted that rule. It was a public pledge by me not to do that.

HICKE: I see. Another one was to allow the Rules Committee to refer routine bills to the committee, as opposed to whatever. . . . The speaker had always referred them to a committee, is that how it had worked?

McCARTHY: Many assembly members felt the Rules Committee should refer bills. While I enjoyed having a hand in the referral of bills, frankly, I didn't have the time to

do it anyway. The Rules Committee had four Democrats and three Republicans. They all would get a lot of pressure by lobbyists to send the bill to a favorite committee. Sometimes a bill's subject matter overlapped two committees. If a bill could go to either of two committees, you had lobbyists working the members of the Rules Committee. There was sentiment in the house that the speaker had too much power. Some of the members, including many of the Republican members, but also some of the Democratic members too, didn't like the idea of one person making that judgment.

HICKE: The basic goal there was also increased efficiency, I guess. That's how I read what you're saying.

McCARTHY: Yes. As a practical matter, my time was limited to go over hundreds of bills. During each session of the legislature, you'd have a couple of thousand bills introduced. There were always several hundred bills that had some controversy, or were substantively significant. It took a lot of my time to review and to refer those bills to the right committee. So as a practical matter, it made more sense for the Rules Committee to do it.

HICKE: Another thing you instituted was to use subcommittees as sources of program development. Was that new?

McCARTHY: Subcommittees within the standing committees.

HICKE: Yes, so I assume.

McCARTHY: Well, on the large committees, large in the sense of the number and important character of bills that they would receive to hold hearings on, some of the committees like Finance and Insurance really needed subcommittees that would focus on one area, like insurance. Some subject areas were assigned to subcommittees. You could have split the committees, but that gets you into a lot of other problems. It gets you into the membership of the committees, making sure that those committees where lobbyists were most involved had very strong and independent committee members. The hearing process begins to break down when you have members running between two committee meetings.

Subcommittees seemed to work a little bit better.

HICKE: Do you have to also balance a subcommittee politically, Republicans and Democrats?

McCARTHY: The committee membership almost always is proportionate to the party membership of the house. So out of eighty members, if you have fifty Democrats and thirty Republicans, you would find that proportion on each committee, or as close to it as I could come.

HICKE: And then on subcommittees also?

McCARTHY: You try to do the same thing. We usually had at least five members, so it would be three to two.

HICKE: Another thing you wanted to do was make more use of the Assembly Office of Research?

McCARTHY: I was trying to create confidence in the Republican members that the Office of Research was an independent source of information for them and their staff. I don't think I ever succeeded. That was particularly true after the 1978 elections when a new crop of what were called Proposition 13 babies came in that were far more conservative and ideologically partisan than the majority of legislative Republicans had been up to that election. There was just much more partisanship after the '78 elections. [Assemblypersons] Carol Hallet, [Patrick] Pat Nolan, [Richard] Dick Mountjoy--quite a few very conservative legislators were elected in November, 1978.

But prior to that time, and even after that time, I tried hard to make the Assembly Office of Research a very good resource center. I mentioned to you that it was really critical for each legislator to have a half a dozen sources that he or she could go to for information on an issue, both inside government and outside in the private sector. If he or she were doing their job correctly as a lawmaker, they would not only question the Legislative Analyst on budget and economic matters and the standing committee staff in each house; they would seek the opinion of executive agencies or local governments that had specific knowledge. In addition, legislators should ask nonprofit groups and think tanks outside government. Several legislators used the University of California for research. [Senator Alfred E.] Al Alquist and others did a great

job of trying to build that relationship as a resource for policy analysis. Legislators should also go to business, to labor, wherever it was appropriate, and try to get four, five, six opinions on a subject.

I tried to staff the Assembly Office of Research as one of those sources. There were a number of legislators that I think used it a great deal. Some were never disposed to work that hard and do that kind of research anyway. Most Republican assembly members were just distrustful of anything that a Democratic speaker created. Under Speaker Willie Brown, the Republicans received a lot of budget money to hire a lot of their own analysts. Willie gave them enough for a minority staff on every standing committee of the house; they had an independent office of the minority, and they pumped out their own memos that they had on the desks of all the Republican members every day there was a floor session.

Since 1978 the assembly has become much more partisan. A resource like the Assembly Office of Research was not acceptable because it was not seen as doing the kind of research that they wanted. It was seen as fostering government solutions to problems when many Republicans were strongly antigovernment. I think every legislator of either party ought to be able to go to a number of sources for information.

HICKE: Yes. In becoming more partisan, were the Office of Research staff replaced, or did people just stop using them?

McCARTHY: Well, they were used less by Republicans, I think, but the office's demise came when people put on the ballot the initiative which imposed term limits and cut the legislature's budget by 40 percent. That decimated the Assembly Office of Research, and the Senate Office of Research, which was a pity. There were a lot of bright people in both those offices that had been and could have continued to be very helpful for thoughtful legislators.

HICKE: Now, you told me this before when we had the preliminary interview and we talked off the tape, but you haven't talked on the tape about the Office of Administrative Law. Is that in this period that we should discuss that?

McCARTHY: Yes. I authored the legislation creating the Office of Administrative Law in 1979. I was speaker at the time. One motive that prompted the law was that Democrats were being strongly criticized by Republicans for passing new laws that made government bigger and more costly. I had read that administrative regulations issued by California executive agencies and departments had grown geometrically in the decade of the 1970s. That meant more cost for regulated businesses.

They grew fast under Governor Ronald Reagan, whose second term began in January of '71. He left the governorship in January of '75, to be replaced by [Governor Edmund G.] Jerry Brown [Jr.]. The administrative regulations continued to proliferate during the first term of Jerry Brown.

The more I looked at this regulatory explosion, the more I saw there was a lot of duplication, a lot of arbitrariness; when written vaguely, these regs could lead to a lot of arbitrary impositions of authority by executive branch career officials on citizens, on businesses.

So I started to talk about this with several people, and what I came up with was the idea to create an entity that we called the Office of Administrative Law. All of the 122 rule-making agencies within the executive branch of state government proposing a new administrative regulation would have to submit it to this new Office of Administrative Law. We weren't giving authority to the Office of Administrative Law to originate policy. That was left that in the hands of the individual departments. But we said the Office of Administrative Law should review proposed regulations within thirty days to determine several things. Is there duplication with other regs? Did the statute on which the administrative regulation was based really authorize the promulgation of that proposed administrative regulation? Could they have been written with greater clarity to achieve the purposes articulated by the rule-making executive agency or department? They had to meet those tests. If they did not, the Office of Administrative Law could bounce the proposed regulation back for rewriting.

We also authorized the Office of Administrative Law to do a review of all 30,000 pages of existing administrative regulations. In addition, the legislation required that at the public hearing by the rule-making agency, anyone making a very specific complaint about a particular section of the proposed administrative regulation had to be answered specifically by the rule-making agency. Prior to the passage of that legislation, the rule-making agency could give back general answers and not take pains to answer with particularity. That changed. And it was healthy, because all entities, including businesses, whether I agreed with their point of view or not, have the right to be heard and to be answered on proposed regulations.

At both the federal government and state government levels, once the Congress and the state legislature pass statutes, an enormous transference of power goes to all of the executive branch agencies. They have it for many years thereafter. The Congress or state legislature might try to hold the executive branches of their respective levels of government accountable, but with the change in the membership of the Congress and the state legislature, the institutional memory changes, so that the level of accountability is inconsistent.

Giving the authority, giving the power to a citizen or a business to ask for specific responses to their criticisms of a proposed administrative regulation helped create points of reference to help the Office of Administrative Law judge whether or not the proposed regulation was clear, duplicative, and statutorily based.

All those changes were proposed in Assembly Bill 1111 [1979].[1] There was a ferocious fight. We had a number of department heads in Jerry Brown's administration arguing vociferously to oppose my bill, to veto my bill.

HICKE: A little turf problem here?

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1. A.B. 1111, 1979-1980 Reg. Sess., Cal. Stat., ch. 567 (1979).

McCARTHY: Yes, yes. They didn't see the sense to what I was proposing. I understood their psychology. It placed some kind of limit on freedom to act through regulations.

The irony of all of this is that I didn't have business groups coming to me and asking me to introduce this law. All of those entities were never really a part of my testimony. I think late in the process, some of them started to endorse what I was doing, but I'm not sure they really understood it. Because I was a Democratic liberal from San Francisco, businesses never trusted it until it was enacted, and then they saw it work.

HICKE: What was your motivation, specifically?

McCARTHY: My motivation was to put the Democratic party in a more responsible position as far as the growth of the size of government is concerned. I wanted to demonstrate that we were trying to hold ourselves and executive branch agencies accountable for that existing, massive body of statutes and the administrative regulations and for future statutes and regs. Frankly, though the law worked well, it did little to change my party's image of big government.

HICKE: Yes, I was wondering what the impact was.

McCARTHY: For all the talk about big government, I find Republican legislators spending very little time on analyzing statutes and regulations adopted in the past. Their objective to reduce government spending is not undertaken in any specific or analytical way. They do not accept their government can help solve problems. They want to eliminate most of government.

HICKE: Kill all of the agencies.

McCARTHY: Yes.

HICKE: Well, you told me that the first director was Gene Livingston.

McCARTHY: That's correct. He had been the director of another department under Jerry Brown, the EDD, the Employment [Development Department].

[End Tape 6, Side B]

[Begin Tape 7, Side A]

McCARTHY: Gene Livingston had been the director of the EDD, the Employment Development Department. It attempted to match unemployed people with available jobs. Gene Livingston turned out to be an exceptionally fine director of the new Office of Administrative Law, because he was a very bright lawyer. He had administrative experience in a department that had the power to promulgate administrative regulations, so he had that experience; and he was tough enough to stand up to departments that resented the power given to the Office of Administrative Law to review their newly proposed administrative regulations.

So we actually helped form the culture at the Office of Administrative Law, which in spite of a series of legislative attempts to eliminate that department, exists today in fairly strong condition.

HICKE: I want to just ask you about the follow-up on it, but first, you told me about [assembly staff member Thomas] Tom Willoughby being called to the governor's office.

McCARTHY: Right. Tom Willoughby was called to the governor's office and was chewed out very strongly by Tom Quinn, one of Jerry Brown's top people. Tom Quinn was an excellent person, very bright, at that point the head of the Air Resources Board. Tom personally didn't like the idea of having an Office of Administrative Law that would review any new regs he proposed. He saw the O.A.L. as a vehicle for businesses to stop restrictive air pollution regulations.

I was told Tom Quinn berated Tom Willoughby down in the governor's office in front of Governor Brown and several other people in the administration. That annoyed me terribly. They were picking on my staff guy. I don't recall even being informed about the meeting. So I raised a bit of hell about it with the governor. Tom Quinn subsequently phoned and apologized.

HICKE: I think you mentioned that you threatened to kill all of the administration bills.

McCARTHY: Oh, I sent the message back that I would identify the four or five pieces of legislation of greatest meaning to the governor, and he would never see them

on his desk, if he weren't prepared to work with me on the Office of Administrative Law proposal and eventually sign that bill.

HICKE: Which he did.

McCARTHY: Which he did.

HICKE: OK, now tell me a bit about what the impact was and what happened to the Office of Administrative Law.

McCARTHY: Well, it reviewed a lot of the existing rules and regulations, and by estimate eliminated or consolidated about 75,000 existing administrative regulations. It has instilled a discipline in the way administrative regulations are now written. They're written with greater clarity. It's understandable that no department or agency head wants to have his or her proposed administrative regulations bounced back by the Office of Administrative Law. I think they take greater pains now to write them with more clarity. The whole administrative hearing procedure has had a very positive effect for the public at large.

You know, I must insert once again that members of the legislature and governors spend a lot more time yakking about the overbearing nature of government regulation than they do analyzing how to make administrative agencies more accountable. The political benefit to a governor or a legislator is to market a new product. Each wants it to be known as his program to bring health care to newborn infants, or to control immigration, or whatever it might be. This is true of both parties. Because you can sell something new in the election marketplace easier than something merely revising something already established.

There's very little political reward going back and looking at what happened ten, fifteen, twenty years ago. Not even those legislators who talk most about cutting government really take great pains to analyze the benefits of how any particular executive agency or department is being run. Some start with the view government can not solve much of anything. They don't think government has any particular role, outside of the most obvious things, like a law enforcement agency, or highway construction.

It's not in the nature of the beast, not in the nature of lawmakers to spend a lot of time reflecting on what happened before. The truth is, the media won't carry the story. The media wants something new, something fresh. They want controversy, they want fights among elected officials. Very few newspapers, and certainly not television, are going to do any kind of serious analysis of a government agency. It's boring to their readers or their listeners or their viewers. It doesn't attract companies to place ads on those programs if they don't have big audiences. Looking back is viewed as ancient history. All of the elected lawmakers and governors sense that. They may not have consciously said, "Yes, this is why I'm not spending my time looking at the old stuff," but that's the reason why.

HICKE: Interesting. I wanted to ask you about the four-year terms.

McCARTHY: I favored four-year terms for all members of the legislature. With the ascendancy of television ads, campaigns have become far more expensive. Lawmakers spend way too much time raising money. Members of the assembly are there for two years. They get elected, take office in December of the even-numbered year, and jeez, right away they start thinking about fund raising for the next election, which is only twenty months away. And by the fall of the first year of the two-year term, they're doing fund raisers, some of them even earlier. Or they're doing fund raisers to pay for the deficit of the previous election. Much of that fund raising happens in an off year, the odd-numbered years.

So the four-year term idea was to get at least three fairly productive years. Even among honest legislators, in your subconscious, your independence is limited by the notion you've got to go out and raise money because you have a strong opponent at the next election. A four-year term would give you two undistracted years, the first two years of the four-year term. The third year could be pretty good. The fourth year you'd just have to give up on. Today many legislators are out there campaigning and fund raising, and we're really not going to get their attention or their independence. That's the practicality of it. Four-year terms would help some.

When it comes to the elected chief executive, the governor of the state, I'd give him one six-year term. I wouldn't let any governor run for reelection. Give him one six-year term, and what the public is likely to get is a lot of independent thought not limited by all the people you have to please to raise money for your reelection.

HICKE: Makes sense.

[End Tape 7, Side A]

[End of Session]

[Session 6, March 27, 1996]

[Begin Tape 8, Side A]

HICKE: I'd like to start this morning by asking you to talk about the governors that you worked with and their leadership styles, and to give me some of the perspective that you had on them, starting with Governor Reagan, I believe.

McCARTHY: I was in the legislature for six years while Governor Reagan was governor, but I was speaker for only the last six months of his term. I had limited direct contact with Governor Reagan, but let me try to give my impressions.

Perhaps the most personable man to serve as governor in California's history, Reagan was not too steeped in public policy making. He did not have a great deal of in-depth knowledge about any of the dozen complex subjects pushing California. Remember, he'd been an actor all his life until he ran for governor, and I think he was a union leader, the head of the Actors Guild, for a couple of years, which is a rather limited amount of experience for the governorship of the state of California.

But he was a great orator, he was the Great Communicator. He was very likeable to people; he was seen as trustworthy. He had public opinion for him, and he had mostly a Democratic legislature that was unwilling to really take him on.

HICKE: And why was that?

McCARTHY: Because he maintained a high level of popularity with the public. Frankly, even if you were right on the issues, the way the media presented a lot of the news, it was pretty much personality conflicts. And you never beat Ronald Reagan on a personality conflict. Any governor always has an advantage over the legislature. The legislature is many voices, sometimes contradictory and

inconsistent. The governor, especially one who knows how to communicate a succinct message, always wins that battle.

Governor Reagan was a very tough opponent. He had differences with the legislature, but interestingly, they were usually reconciled. One of the first things he did was support a tax increase, which is a bit ironic in view of his philosophy in later years. The author of the 1967 tax increase was a state senator named George Deukmejian. As I recall, it was a sales tax increase, a fairly significant tax increase at that time. Governor Reagan said that former Governor [Edmund G.] Pat Brown [Sr.] had left a budget deficit, and he needed that money to keep the budget balanced.

Governor Reagan appointed several good people in key posts. Putnam Livermore was in charge of environmental issues. As a matter of fact, former Governor Reagan signed several bills into law which were pretty strong environmental laws. Kind of interesting.

HICKE: Yes.

McCARTHY: He had Vern Orr, who was the director of finance, and a man who worked very hard and was very diligent in his duties. The Democratic legislature managed to work out some constructive compromises with the Republican Governor Reagan.

Now, Ronald Reagan was the master of the short message, the succinct communication, the theme, the basic conviction, and he did that quite well. I return to what I said a moment ago: he did not really have much of a grasp of any issue that was at all complex. But he held simply expressed convictions.

One example of that was the conflict over welfare reform in 1971. I was one of three Democratic legislators assigned by then-Speaker Bob Moretti, a Democratic speaker, to negotiate this subject with Reagan administration officials. We met for a couple of weeks down in one of the rooms in the governor's suite on the first floor of the Capitol. The people from the administration who came were bright, sharp, talented people, so they were perfectly capable of negotiating details. The governor himself did not really participate at all.

He would come into our meetings every other day for about ten minutes, tell one or two anecdotes, and then he would leave again. He was being the genial, likeable, nonconfrontational person when you're face-to-face close.

HICKE: Almost like a host.

McCARTHY: Almost like a host. That's exactly right. And then he would leave.

But when he addressed the issue publicly, of course, he inveighed against welfare fraud, which indeed every elected official should have--inveighed against any true welfare fraud. Of course, at the time, he was using the charge of welfare fraud to also include lowering aid to poor women and children. Fortunately, in the overall negotiations, we tightened up the fraud laws, which pleased the governor, and at the same time, we made sure that, with what limited resources we had for poor women and their children, we managed to increase their income flow in the bill that finally passed.

My impression of Ronald Reagan is that he was a moderate conservative, very articulate. The main confrontation he had during this time was with the Free Speech Movement at Berkeley. I think he relished that, because he was a spit 'n' polish kind of guy, and those longhairs looked to him like they needed scrubbing. Those students were champions of disorder in his mind. They were raw meat that he could attack, not only because he undoubtedly felt antagonistic towards Mario Savio and associates, but because it resonated very well with the voters of the state, who thought that they were paying taxes to subsidize the University of California to give all those young people the choice to attend at a much lower tuition. They saw these demonstrations, some occasional violence--usually by outsiders, actually, commingled with the Berkeley students. Those taxpayers got angry thinking those young people were wasting their tax money by not taking advantage of this rare opportunity to get this great education at the University of California at Berkeley.

Of course, those were the times of the Vietnam War when America was emotionally ripped apart, and a lot of the students were demonstrating

against that war. The students were asserting that our national and state leaders--and Ronald Reagan, of course, endorsed the Vietnam War strongly--were misusing American military power by sending a half million troops to Vietnam. That was the main part of the demonstrations and the riots that we saw. It wasn't just free speech at Berkeley; it wasn't just against what the young liberal students thought was too restrictive UC [University of California] administration. The governor was the energy behind the increasing restrictiveness in both the UC system and the Cal State University system. It was primarily the Vietnam War.

HICKE: Yes.

McCARTHY: That was the main confrontation Ronald Reagan had, but he kept his side thematic and said the things that would bring forth more anger from the voting public to support his position. His very sincere and very patriotic manner was very politically effective. You always had the feeling that this was a conviction of Ronald Reagan's. This wasn't just contrived to give him some political advantage. That was Ronald Reagan.

HICKE: I have just one question. I interviewed David Doerr, who was a consultant for the Assembly Rev and Tax Committee . . .

McCARTHY: Right.

HICKE: . . . for years, as you well know. Well, he talked a lot about Ronald Reagan, but I came away with the sense that he was saying, "Don't listen to what he said, look at what he was doing." And they were rather opposed. They didn't match.

McCARTHY: I agree with David. This is some of what I'm saying to you now.

HICKE: Exactly. And I just wanted to make sure that you. . . . For instance, in tax policy, as you said.

McCARTHY: That's right.

HICKE: Of course, that's what Dave was observing.

McCARTHY: Yes.

HICKE: And I think that continued on to his presidential administration.

McCARTHY: Which part continued on?

HICKE: The fact that he would say things like, "We're going to lower taxes," and so forth, but in actual fact . . .

McCARTHY: Well, he did lower taxes as president.

HICKE: He did, but he also . . .

McCARTHY: In 1981, there was a gigantic lowering of taxes. That's what doubled the budget deficit. Now, little by little. . . . Let's see, [President George] Bush came in in '88. During Ronald Reagan's second term, they actually raised taxes again, in 1986.

HICKE: We had that big revision of the whole tax . . .

McCARTHY: That's right. That really was a tax increase. It wasn't described as such; it was described as simplifying the tax code and making it more fair. Thanks to [Senator William] Bill Bradley and a few other people in the Congress, the more egregious tax loopholes were eliminated in 1986.

But as to Governor Ronald Reagan, what David Doerr suggests is true --look for what he really did and not at what he said. That's much less true of Reagan as president than it was as governor. What you have to understand is that Ronald Reagan was elected governor by a more moderate Republican constituency. Ronald Reagan, from the day he was elected governor, started thinking about the presidency. He was elected governor in November 1966, and he went to the Republican Convention in the summer of 1968 and had his name in as a candidate for the nomination. It turned out that [President] Richard Nixon beat him easily, but Reagan started making people think of President Ronald Reagan. Then eight years later, in 1976, after he left the governorship, he challenged [President] Gerald Ford in primaries all over the country and came close to beating him for the nomination.

Now, why am I raising this? It's because during that critical 1976 sequence of presidential primaries, Ronald Reagan articulated the conservative themes that would distinguish his candidacy from Gerald Ford's base of support. Those themes would eventually win him the nomination in 1980 and win him the presidency. There was a sharp turn to the right in 1976. Because he took on the agenda of the social conservatives in the Republican party who

were essentially antigovernment: cutting spending and reducing taxes were themes used to disembowel government, which was portrayed as the problem. The themes that Ronald Reagan articulated in the 1976 presidential campaign you'll find very different in tone and substance than the themes he articulated in 1966 in his first gubernatorial campaign. He became much more conservative when he went national, and targeted the Republican voters when he went into South Carolina or Alabama or other places. Reagan had a calculated strategy in 1976 against Gerald Ford that he had to win most of the Southern states to be competitive with Gerald Ford. The Republicans that he was dealing with there were much more conservative than in New York and Massachusetts. So he adopted a much more conservative cast.

HICKE: Well, this is a bit of a sidelight, but since we've strayed into it, what's your opinion about the question that I've been curious about: Did Reagan follow what he saw as a turn to the right in the people, or did the people turn to the right because they followed him?

McCARTHY: Some of both. Keep in mind the atmosphere in America in the late sixties and throughout the seventies. There was a real disgust and distrust of government because of the Vietnam War and Watergate. Moderates, moderate liberals, liberals, that often would support different forms of governmental action went to the sidelines. The Vietnam War and Watergate turned a whole generation of young people against government. You add to that the impeachment proceedings against former President Nixon. That not only made young people cynical, but a lot of older people cynical about government.

Against that backdrop, candidate Reagan in 1976 running against Jerry Ford, the incumbent, used the line, "Government is the problem, not the solution. Get government off the backs of the private sector." And these effective slogans became Ronald Reagan. He did not speak or act like that as governor of California.

Because Ronald Reagan looked like the young grandfather everybody would like to have, and was so personable and so trustworthy in the way he presented his convictions, when he said these things, they had a dramatic

impact. The public was ripe to be turned strongly against government. They were already quite distrustful because of Vietnam and Watergate. Ronald Reagan touched that chord in the souls of many Americans, that government was bad, had a lot of inherent evil about it, was not to be trusted, that the people that ran for elective office were generally self-serving, money-grubbing, lazy, and incapable of solving any problems.

The people who were responsible for our being in Vietnam and for Watergate did great damage to the trust of the average American citizen in government. Ronald Reagan made distrusting government a virtue. The irony is that Reagan supported American intervention in Vietnam and, in the early stages of Watergate, supported Nixon.

HICKE: Yes.

McCARTHY: So it wasn't that Ronald Reagan did anything morally or ethically wrong. He was on the side of the people against big government. He had standing, and when he said, "These bums are not to be trusted, these institutions don't work," it had enormous effect.

So back to your original question: if you look at what he said and what he did as president, did he present himself that way as the governor? No. He changed significantly when he became president.

HICKE: That's very enlightening. Thank you. OK, well, I guess we can go to Jerry Brown.

McCARTHY: Jerry Brown. . . . Jerry Brown is a smart man. Jerry Brown is capable of creating the vision, of understanding longterm movement, of seeing where California should be ten or fifteen years down the road. Jerry Brown, on the other hand, did not have the personality to move a lot of people that might disagree with his point of view to a consensus. He didn't have interpersonal skills with most people. Certainly not with most members of the legislature. Democratic legislators would cooperate with him because they would want him to make some appointment of a friend to a judgeship or a commission, or they wanted him to sign their bills. But he was not seen as a communicative, likeable human being. Quite the opposite of Pat Brown and Ronald Reagan.

But Jerry Brown's political instincts were generally in the right place. A lot was accomplished, from my point of view, during his first term as governor. Though he never had the attention span to, in a disciplined way, do all the little nitty-gritty things that you needed to do to take the great idea he could envision, and to actualize it in legislative action or administrative action or a combination of things to create new public policy, or a significant redirection of existing policy.

Jerry's main accomplishment was signing the bills the Democrats in the legislature sent him. We were lucky to have a number of very talented people in both houses. Of course, I'm biased towards the assembly, but we had a number of talented, bright people who authored laws. Jerry didn't particularly get involved in the wars in the legislature where the lobbyists were trying to carve up bills like the Coastal Protection Act.[1] Jerry would be there at the close, because he had a sense of how to handle the media. Reagan was superb at it; Jerry Brown was very good at it. He had a knack for making a signing ceremony of a bill look like this bill was a part of the Jerry Brown Program, even though he may have come in at the last hour. But every governor tries to do that.

He did not initiate very many policies, which I would expect a moderate liberal Democratic governor to do. One thing he does get full credit for is the Agricultural Labor Relations Board.[2] He was in awe of Cesar Chavez. In fact, he had Cesar Chavez second his nomination at the 1976 Democratic national convention in New York. Jerry Brown deserves all the credit for the A.L.R.B. He and key administration officials wrote that, negotiated between major grower groups and the [United] Farm Workers Union. He did a masterful job, because the hostilities between them were

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1. California Coastal Act of 1976. S.B. 1277, 1975-1976 Reg. Sess., Cal. Stat., ch. 1330 (1976).

2. Agricultural Labor Relations Act of 1975. S.B. 1, 1975-1976 Third Ex. Session, Cal. Stat., ch. 1 (1975).

great. He did a masterful job in bringing them together, going from one room to the next during the lengthy negotiations in a three-week period.

Here's, I guess, an example of the questionable follow-through after. He proceeded to appoint a totally lopsided, five-member Agricultural Labor Relations Board. The vote was four votes for the union and one independent that could go either way. Naturally Jerry Brown and most Democrats would want to see the union succeed, because farm workers had been mistreated for decades. Their wages were very low. Children were working in the fields and not going to school. There was a lot of injustice.

But he didn't understand that to cement change, you needed to start winning over growers; whether it's 20 percent, eventually 30, you needed to win over those that were willing to sign union contracts. That new A.L.R.B. needed to show that it respected the hard work the growers went through to make a living, as well as help the farm workers. A chasm separated growers and farm workers. There were economic and cultural gaps, the racism that existed among many--not all, certainly--and other great differences. A majority of migrant farm workers were noncitizens. They were looked down on by many growers as culturally inferior. You had huge gaps in every sense between the growers and the farm workers. To make this last and work, it required a lot of intuitive understanding about human nature. While still siding with the union wherever possible, the A.L.R.B. needed to create marriages of interest. I don't think Jerry Brown ever did that. The U.F.W. never understood that.

What eventually happened was when Governor [George] Deukmejian became governor, he changed the membership of the Agricultural Labor Relations Board to strong pro-grower. The A.L.R.B shifted strongly back to the growers, and the union was enfeebled and lost a lot of membership. The union now is barely surviving.

There may have been some other policy initiatives that Jerry had, but remember, Jerry had presidentitis also. Jerry was elected governor in November, 1974, and Jerry started running for president a year later.

HICKE: And you acted as his campaign manager, I believe.

McCARTHY: In 1976 I was his campaign chairman, and chairman of his delegation to the Democratic national convention. Frankly, I had some difficulty taking seriously his candidacy. Actually, he did fairly well. He got in very late; he competed well against former Georgia Governor Jimmy Carter in several of the primaries.

HICKE: Can you elaborate on that just a little bit? Tell me how you got the job and how it evolved?

McCARTHY: Oh, I told him I wanted it. His strength in California influenced the outcome for a lot of Democrats running for the legislature and for Congress. So I wanted to make sure that this adventure did not harm the California Democratic party. I'd been dealing with Jerry throughout 1975, so I had a good look at his style. I knew that the public popularity he had engendered by the "small is better" themes of his first year presented him more like a conservative Democrat and won a lot of popular favor in California.

[End Tape 8, Side A]

[Begin Tape 8, Side B]

McCARTHY: Now he was running for the presidency of the United States, and his total experience was four years on the community college board in Los Angeles, four years as secretary of state--a nothing job in the California constellation of statewide elective offices--and one year as governor. I guess Jerry's view was, Hey, who's the competition? It's a man who was a former governor of Georgia, a state much smaller than California, and even though he served four years in the state senate and four years as governor of Georgia, Jerry probably felt his experience in California, a much bigger and more powerful state in every sense, certainly qualified him as much as Jimmy Carter.

HICKE: Probably there was much more public awareness of Jerry Brown.

McCARTHY: Yes. In any event, I became chair because I wanted to look after this asset. Keep in mind I was very supportive of Jerry Brown in his first term. I put out his fires that started in the legislature. I was the strongest, best supporter he

had in the legislature. A lot of the members of the state senate didn't like him very much. They poked fun at him, most of it private. I was the guy that gave him a solid base. I was the strongest figure in the California legislature, and protected him against a lot of attacks. So making me the chairman of his delegation was fairly easy for him to do.

He made a respectable showing, and that's what implanted in his mind the hunger to come back four years later and make his second run for the presidency in 1980, against incumbent Jimmy Carter, and against challenger [Senator Edward] Ted Kennedy too.

I'll say this about Jerry Brown, and I believe about Ronald Reagan as governor, and I can say this about George Deukmejian as well: I consider them all very honest in a personal sense. I never heard at any point any of them ever doing anything unethical that would put cash into their own pockets. You meet a lot of people as governor, so after you leave the office, you may benefit. But I didn't ever see any effort by Jerry Brown or Reagan or Deukmejian to try to do things as governors that would set themselves up financially.

HICKE: Well, since we're on Jerry Brown, your relationship with him changed a bit. Maybe we could just continue on to the end of his governorship.

McCARTHY: OK. Let's see. In 1978, Proposition 13[1] was on the ballot. It was obviously very popular.

HICKE: I want to hear a lot more about that.

McCARTHY: It was also not good law. But what you had fueling it was the great injustice visited upon a lot of homeowners in this state, because you remember, the local government property taxation system was really not very public and not accountable. A county assessor would give a new appraisal of homes and all properties. In those years of the seventies, the valuation of California property was appreciating at a good clip. The homeowner would be taxed according to the rising market valuation, and the local boards of supervisors or city councils

1. Proposition 13 (November 1978).

didn't have to vote a tax increase. They just got the increased tax revenues automatically, by the inflating market value of the property resulting in higher assessments.

It was great for all elected officials in local government. They got a lot more money to spend, and they didn't have to vote to increase taxes to get the money.

Now, homeowners, particularly older homeowners whose home was their single, large asset, were hurt by higher taxes. If they were retired or on any kind of limited income, they were facing tough times, because local government was collecting more and more property taxes from them. And lo and behold, Howard Jarvis, whom everybody viewed as crazy prior to 1978, and who owned a string of apartment houses and was a leader in the apartment-house industry, put Proposition 13 on the ballot. He had failed in previous years.

Well, because of the failure of state and local government officials to address this unfairness to homeowners, Jarvis found his constituency, qualified Proposition 13, and the legislature and the governor didn't really respond with a viable alternative to that.

Now, keep in mind that the language for property taxes is within the state constitution. To amend the state constitution, you need a two-thirds vote of each house of the legislature. So Assemblyman John Foran and others proposed a constitutional amendment in sessions of the early seventies, prior to Proposition 13, that would have taxed commercial and industrial property at a higher level than residential property. We got that out of the assembly, but it was killed in the state senate, because all of the lobbyists who represent industrial and commercial property were able to stop the proposed constitutional amendment from getting the required two-thirds vote in the state senate.

It looked like the legislature was simply ignoring the plight of homeowners, because no matter how many times we said it, we could never communicate that we'd really tried to tax homeowners at a lower rate. The

very people now contributing to Proposition 13 had killed that effort. We tried to make all the arguments in early 1978, that Proposition 13 would be a major shift of authority from local government to the state, and that it would produce fiscal instability among many local governments. After Vietnam, Watergate, and our failure to provide homeowner tax relief, we were not trusted.

Back to Jerry Brown. Jerry Brown campaigned against Proposition 13 somewhat reluctantly. He was compelled to take a position on it, because most of the Democrats in the legislature did. I led the campaign against Proposition 13. I campaigned all over the state, debated Howard Jarvis. I don't think Jerry Brown ever debated Howard Jarvis or any of the leaders of the Yes on 13 campaign. He knew Proposition 13 would win big so he developed a strategy to avoid harming his reelection.

HICKE: Can we just stop long enough for you to tell me what issues you debated him on specifically?

McCARTHY: Howard Jarvis? When you were with Howard Jarvis, it wasn't really a debate. Howard Jarvis, God rest his soul, was a bully, especially when he imbibed. During debates Howard Jarvis would roll over opponents with 300-word answers and deliver the usual, "People in government are the villains who don't care about the homeowners," attack. Howard Jarvis, of course, would never speak in terms of the economic benefits to apartment house owners, of which he was one. He talked about the homeowners that people in government simply were indifferent to. He was for the people. He had no personal economic interest in this, and during a debate he would abuse you, and he would make fun of you, he would mock you. It was his manner.

HICKE: Something of a demagogue.

McCARTHY: You remember what he looked like.

HICKE: Vaguely. Not too well. Do you want to describe him? I think that would add.

McCARTHY: He was short, a bit overweight, combed what hair he had straight back, heavy jowls, glasses, and very feisty, very feisty. He hired a public relations firm in

Orange County that was very good, no holds barred, attack, attack, attack, use whatever lines are necessary.

So back to Jerry Brown. Jerry Brown carefully opposed. On primary election night, he was facing Attorney General Evelle Younger, who won the Republican primary. The betting at the time of the primary was that Jerry Brown might lose to Evelle Younger. On the night of the primary, Jerry Brown did a pirouette on Proposition 13 that made it sound like he had been one of those championing Proposition 13.

HICKE: Was this before or after the returns were in?

McCARTHY: It was after the returns were in. This was on the night of the primary vote, when the votes were being announced. I can understand why he must do damage control. But he seemed to go overboard. So that was the first thing that kind of bothered me.

But the event that really began to divide us was that he started talking about running for president again right after he was reelected in November 1978 by a big vote over Evelle Younger. Evelle Younger turned out to be a very poor candidate. Jerry Brown beat him by a million votes in November, 1978. Jerry started running for president right after the gubernatorial reelection, and the state was in rough shape. Proposition 13 had just passed; there was a lot of instability. It really needed his attention. We had an incumbent Democratic president at the time, Jimmy Carter. Whether you loved him or not, you had an incumbent president that at that moment had not given you great reason to oppose him. He was the incumbent president of your party.

When Jerry ran for governor in 1974, he had Proposition 9.[1] That was reporting of all campaign contributions. He was going to bring clean government to California politics. And remember, this is right after Watergate. So Jerry is very smart in picking campaign themes.

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1. Proposition 9 (June 1974). [Political Reform Act of 1974]

All right, he picked as one of his campaign themes for the 1980 presidential race, a balanced budget amendment to the U.S. Constitution. This is in January '79. So he checked out that twenty-two state legislatures had already passed resolutions asking the Congress to pass a proposed constitutional amendment and put it before the states. Under the law, two-thirds of each house plus three-quarters of the states have to endorse a constitutional amendment. The twenty-two states' resolutions that were passed were looked at by Jerry, and he said, "Wow, this is the hottest thing around. I think I have to champion this, so I'll be a center-of-the-road, fiscal conservative Democrat in these primaries. This theme would carry in the South, in the Midwest."

Without consulting anyone of his own party in the legislature, Jerry brought such a resolution before the California legislature. He doesn't talk to me about it, he doesn't talk to the head of the senate at that time, James Mills from San Diego, about it. He doesn't talk to either of us, doesn't talk to any of the rest of the leadership among the Democrats in either the assembly or the senate. And announces in his inaugural speech--yes, his inaugural address--that he's going to propose this.

I killed it in the assembly. He and I had a bloody face-to-face battle.

HICKE: There was a bill to suggest California's support for this constitutional amendment?

McCARTHY: Right, a resolution. What we ended up doing was passing a nonbinding resolution supporting restraint in federal government spending. I did that to make sure Democrats in the assembly were not pictured as big spending advocates. Jerry appeared personally before the Assembly Ways and Means Committee, where this resolution was being heard.

HICKE: Why were you opposed to this?

McCARTHY: I was opposed to it because I thought that the Congress had the power to balance the budget; I thought that the president and Congress could take the action to control spending; and I didn't know the consequences for California of writing this kind of an amendment into the U.S. Constitution. Who's in

charge? What would they cut to balance? You need rational discourse to make your decisions on what's left and what's cut. It seemed to be too unpredictable. Frankly, I think the law was sound enough by itself. All it took was the discipline of the man who was president and the people in Congress to restrain spending.

The truth is that both parties were big spenders at the federal level. For the Republicans, it was in defense. For the Democrats, it was in health and welfare. They were both big spenders, and they both helped cause the huge federal deficit. But the Republicans even more so, because they voted for big tax cuts in 1981 that doubled the size of the deficit over what it was the day Ronald Reagan was sworn in--just about $150 billion.

HICKE: When he was sworn in?

McCARTHY: Yes. It doubled to $280 [billion] by his fifth year, because of the combination of tax cuts and budget increases. A whopping increase in the defense budget during Reagan's first four years as president drove the federal deficit way up.

HICKE: Star Wars and so forth.

McCARTHY: Yes.

Back to Jerry Brown. His second presidential candidacy made me lose confidence in his political judgment. I came to view him as a very selfish person who wasn't interested in other Democratic officeholders if he could cavalierly support the balanced budget amendment without even mentioning it. I could have warned him that I would have to oppose it. I made him lose face, because in the Assembly Ways and Means Committee, there were thirteen Democrats and something like nine Republicans. Twelve of the thirteen Democrats voted with me. He got one Democrat. You don't do that as the top party leader.

He appeared in front of the Ways and Means Committee, and of course, got a lot of TV and was seen around the country, so he liked it. But he got defeated. The momentum he had hoped to get out of California all of a sudden evaporated. If he can't get support for his main theme in his own state,

then Jerry didn't have the cachet to use this campaign theme through many presidential primaries. Our relationship deteriorated after that.

HICKE: Did he confront you with this difference?

McCARTHY: No, he did not. He was not very good at confrontation, one-on-one basis. Then he did something else at the time that was divisive: he was trying to cut the welfare aid we gave aged, blind, and disabled people, which I vigorously opposed. It was twenty-nine dollars a month, but for those people, that meant a great deal.

After these events, I told him I wasn't going to support him in his run for the presidency in 1980, so that broke it off. We had a great relationship for at least the first three and a half years of his governorship and accomplished a great deal. I thank him for signing a lot of bills that Democrats in the legislature sent to him. The years '75, '76, '77 were especially very productive years. Lots of good laws on the books.

HICKE: OK, anything else about Jerry Brown before we go on?

McCARTHY: Only that I have some regret that he didn't stick to the governorship in his second term. Very interesting: see, he ran every two years for a public office for ten years: '74, governor; '76, president; '78, governor; '80, president; '82, U.S. Senate against [Pete] Wilson. Five races in ten years. Had he not run in the second presidential race, which turned out to be disastrous for him, he could have beaten Pete Wilson in the U.S. Senate race in 1982. He did not lose by much; it was 51 percent to 45 percent.

HICKE: Why is that?

McCARTHY: When he did so poorly in the second presidential race, he lost the respect of the voters in California.

HICKE: Lost his credibility.

McCARTHY: He used up all of his supporters, too. You can only go to the well so many times, and only if you're having success. If you look very foolish, as he did in the 1980 presidential primary sequence, it really weakens you. Had he not run for president in 1980, just stuck to being governor and tried to accomplish things in California, he probably could have beaten Pete Wilson in '82. Pete

Wilson was not that strong a candidate the first time he ran for the U.S. Senate.

HICKE: George Deukmejian is next.

McCARTHY: George Deukmejian. . . . George Deukmejian is a very decent man, a very honorable man. Twenty-eight years in public office. Didn't put a penny in his pocket. Made a lot of friends, so he's out practicing law now and doing reasonably well. He deserves it.

George Deukmejian was a maintenance governor. He was not an initiator, not an originator. He pretty much wanted to make sure that the things already in place were working reasonably well. He trimmed back the budget somewhat. He was lucky, because California's recession started late in his second term. The real economic crisis of California only was really evident in the first year of Pete Wilson. A dramatic drop in state revenue occurred in 1991 and 1992.

Deukmejian was generally conservative, very quiet, not too demonstrative. Everybody thought it would be easy for George Deukmejian to be a buddy with both Republicans and Democrats in the legislature. After all, he'd been in the assembly for four years and in the senate for fourteen years. He was floor leader for the Republicans in the senate. Never seen as a mean man, never seen as having a big fat ego, played it in a very straightforward fashion for his ideological beliefs. His main interest was in law enforcement issues, although he introduced legislation in several other areas. Primarily he was a law enforcement guy. I think he was looking at the attorney general's office for several years before he ran successfully for that office in 1978.

As governor, he was not the buddy that people had anticipated he would be. I think he was buried in the internal process and the schedule of a governor, who is besieged by people from different departments and the public who want to talk to him. He didn't do a lot of socializing, didn't see the need to communicate with legislators often when he was going to veto a bill, even sometimes Republican authors.

HICKE: You mean when it was a Republican bill?

McCARTHY: Yes. Got into some bitter fights with certain members of the legislature, Al Alquist notably. I think some of George's advisors took to calling him the Iron Duke during his first year as governor, indicating that he was tough, and the media sort of picked up on it. And Al Alquist started calling him the Tin Duke. [Laughter] Deukmejian and Alquist had a very bitter falling-out, and they had been fairly friendly in the state senate.

Unfortunately, there was early bitterness and negativism between Governor Deukmejian and some Democrats in the legislature, and it developed into a sour, noncommunicative relationship throughout most of his years as governor, which is really too bad.

George Deukmejian did not try to be a visionary, nor was he the utter political pragmatist that Pete Wilson is. He played it very straight. Very straight on what he believed in. Didn't try to introduce a lot of new things. A few wrinkles, but not a lot of new Deukmejian-era programs. He tried to steer the ship that he inherited.

HICKE: OK, one more: Pete Wilson.

[End Tape 8, Side B]

[Begin Tape 9, Side A]

McCARTHY: Pete Wilson is a very big disappointment as governor. Now, keep in mind this is not only a Democrat talking, not only a former Democratic speaker, but an opponent of Pete Wilson for the U.S. Senate in 1988. So everything I say should be looked at through those lenses.

Pete Wilson as a young Republican assemblyman in '67, '68, '69, '70, '71, until he ran for mayor of San Diego in late '71, was seen as a moderate, a slightly right-of-center-of-the-road legislator who believed that government could sometimes solve problems. For instance, when legislators were proposing a state coastal commission, he proposed a coalition of local governments that would come together in some form. That was a defense of the role of local government. But it was a substantive, tangible option to a

strong state agency. Pete Wilson in those years was seen as a rational, thoughtful, problem-solving kind of state legislator.

When he went back to San Diego as the elected mayor at the beginning of '72, he was seen as a moderate on environmental land use issues, and he made some decisions to control development in certain parts of San Diego city that incurred the wrath of some developers. Keep in mind this was during his first term. And I think he was that way up until June of 1978.

In June of 1978, he ran for governor in the Republican primary. He ran fourth, with only 6 percent of the vote, even though he was mayor of the second largest city in California. Evelle Younger ran first and got the gubernatorial nomination; L.A. Police Chief Ed Davis ran second; Fresno Assemblyman [Kenneth] Ken Maddy ran third; and Mayor Pete Wilson ran fourth.

Now, he was not liked by strident conservatives in the Republican party. They saw him as too moderate, as not being ideologically driven in the terms that they wanted to see. So he took a very bad beating in that 1978 gubernatorial primary. I think he was humiliated.

I believe he made a judgment at that moment to do the things necessary to create support from the more strident side of the Republican party in California. He began to make gestures to the right. Thereafter he was more conservative as mayor. What [ideas about] land use development controls he'd had started to change. More land developments were supported by the mayor. He started to use the language of the very conservative movement at that time, spoke out more regularly against tax increases.

HICKE: It's really a watershed . . .

McCARTHY: The 1978 primary disaster was a watershed for him. He has tenacity. He knew he was going to run statewide again. The next chance to run would be '82. In 1982, you would have both the governor's office up for election, and you would have a U.S. Senate seat up for election.

Pete Wilson became a different Pete Wilson in '79, '80, '81, '82. He started running for governor. Remember, the field was Deukmejian and

[Lieutenant Governor Michael] Mike Curb in 1982. Pete was running third in the polls for governor. Some of his main advisors came to him and said, "Look. You ought to move into the U.S. Senate race, because there you've got Barry Goldwater, Jr., who may be in the U.S. House of Representatives, but he's viewed by the world as a lightweight."

You had [Congressman Paul N.] Pete McCloskey, the guy that opposed the war in Vietnam and ran against Nixon in 1972. He was a maverick whom many admired, but no one believed that he could win a Republican primary for the Senate. He was seen by many as a disloyal Republican. Pete Wilson looked at all this: he was running third behind Deukmejian and Curb, he sees this relatively weak field in the U.S. Senate Republican primary, and he shifts from the gubernatorial race to the U.S. Senate primary. In that Republican primary, he started speaking more and more like a strong conservative, winning enough people who it was assumed would go with Barry Goldwater, Jr. Though Goldwater was ahead in the polls at the outset of that primary campaign because of respect for his father, he was a weak candidate.

The more he got around, the more people saw there was nothing there. Pete McCloskey was very strong in his convictions and very courageous about asserting those things even to hostile audiences. But he was going to lose to an increasingly conservative Republican electorate.

Pete Wilson went right down the middle and won the Senate nomination, and in the process was building alliances with a lot of the strident conservatives, who had distrusted him earlier in his career. So Pete Wilson won the primary, and then he faced a weakened Jerry Brown, damaged for the reasons that I mentioned. Timing is so much in politics. Under normal circumstances, Pete Wilson would not have beaten Jerry Brown, even after Jerry Brown was eight years governor with all the down side that comes from that. But Jerry Brown defeated himself by running for the presidency in 1980 and using himself up and his friends up.

Pete Wilson went to the U.S. Senate and had an ideal situation. He became the champion of more and more defense spending. There wasn't a weapons system that could be built in California that he did not advocate. Why? He was engaged in the worldwide fight against communism by supporting our defense budget, and that appealed to the super-hawks in the Republican party, that appealed to the very conservative people who might not have liked other things about Pete Wilson. He became the great advocate of defense spending and made numerous speeches about that. That kept those on the right quiet.

At the same time, he got benefit from the fact that most of the people who were employed in those defense factories were blue-collar Democrats. So he was able to win favor, or at least neutrality, from a number of those Democrats, especially in southern California.

Pete Wilson tried to ride two horses along the way. He wasn't going to become a big environmentalist in the U.S. Senate, but he found a modest cause: protection of rivers. He became a modest supporter through federal law of a couple of rivers in California. Not too many other Republicans from California were supporting any kind of environmental cause, once Peter Behr, a remarkable state senator from Marin, retired from the Sacramento scene. Most Republicans at that time were aggressively pro-development.

A carefully calculated campaign that the media bought into gave Pete this reputation as a moderate on environmental issues. Then at some point in his Senate career, he was pro-choice, too. Not for government funding of abortions for poor women, but pro-choice for women who could afford to fund abortions themselves. That was the main issue that made Pete look moderate.

So on the one hand, because he was a big defense-spending hawk, he kept the right intact. On the other hand, because he did a little for a couple of rivers, which was unusual for a California Republican, and he was pro-choice, he was treated very generously by the press as a moderate. Some underestimated Pete, looking at Pete Wilson as the guy who spoke with the cracked voice and the tense face and rarely laughed. He has always been a

good tactician, and he had good advisors. He knew how to position himself to keep enough groups together in the complex voting population of California. He managed to do this very well as a U.S. Senator. He did his homework, developed a lot of alliances: local governments, leaders like Mayor Dianne Feinstein, who once remarked that she got better service out of Senator Pete Wilson than she did out of Senator Alan Cranston on San Francisco issues.

So Pete was coming into the governorship race in 1990.

HICKE: Why did he decide to do that?

McCARTHY: Because he wanted to run for president eventually. He had always wanted to be governor. Remember, he ran in 1978. Even though he ran fourth, he showed which office he really wanted to pursue. As I mentioned, he started to run for governor again in 1982 until he got nudged over to the Senate race. He had always wanted to be governor. He was mayor of San Diego, he liked being the number one, chief executive guy, he wanted to be the chief executive of California.

Coming in to the gubernatorial race in 1990, Pete had carefully nurtured this moderate conservative Republican image. There weren't very many reporters that analyzed how he got there and what he'd been doing all these years. Even against a strong opponent like Dianne Feinstein, he was able to win that 1990 gubernatorial race by about 280,000 votes, as I remember. Dianne was seen as a moderate Democrat, so had broad appeal, had been a moderate mayor of San Francisco, wasn't seen as any far-out liberal in any sense. But Pete had tactically done the right things when he was in the U.S. Senate and used the office to make friends. He wasn't worried about the big-picture issues. He was doing a lot of the nitty-gritty stuff that made friends.

HICKE: Especially in California.

McCARTHY: Totally in California, except on foreign policy issues.

HICKE: Yes, OK.

McCARTHY: So that was Pete Wilson. Now, when Pete Wilson came in as governor in January of '91, the first six weeks, you would have thought there was a love-

fest in the capital. He went to David Roberti's office, the then-senate pro tem, and visited with him. He went to then-Speaker Willie Brown's office and visited with him. He was showing respect. Yes, there would be differences, but we have to try to work together. The state was in recession, there were tough problems.

It lasted for about six weeks. Then he decided to take some very tough, tough positions on budget matters without a lot of dialogue with Brown and Roberti. There never was much of a relationship after that first few months.

In the spring of 1991, Pete agreed to a tax increase to make up for sharply falling revenues. Much of the Republican right were enraged. After that, Pete developed a consistently hostile posture towards compromise with legislative Democrats. The relationship went downhill.

HICKE: You're talking about between the legislature and . . .

McCARTHY: And the governor. Late in his first term, the presidential bug bit. After promising he would serve out a second term as governor, in 1994, a matter of hours after being sworn in, he was making contacts around the country to gather support as a presidential candidate.

In the 1994 gubernatorial reelection campaign, he was hitting themes that would help him run for president in 1996. So he took on the immigration issue and affirmative action, and he became an extremist in terms that would have made Assemblyman Pete Wilson or Mayor Pete Wilson blush, and even probably U.S. Senator Pete Wilson in his early years in the Senate. He became more and more extreme, because he and his advisors told themselves that the strident conservatives had taken over the Republican party nationally, and in presidential primaries, it's the religious right that turns out. Pete Wilson already had a strike against him because he was pro-choice, so he would have to please the strident right in Republican voter ranks on other issues. He thought that could be on immigration, on affirmative action, and then after supporting that 1991 tax increase, he became a devout anti-tax candidate.

Pete never was really trusted by the Republican right at any time. During the U.S. Senate years as a super-hawk on defense spending, he kept them quiet. But in the 1996 presidential campaign, there were several Republicans who cared about cultural and social value issues, as well as the traditional tax, budget, other public policy issues. Pete had a tough time becoming credible to those audiences. When he broke his promise to serve out his second term, he lost credibility.

HICKE: It wasn't necessary, was it?

McCARTHY: I don't think so. Or what he could have done is set himself up so that Senator [Robert] Dole would pick him as a vice presidential running mate, because it seemed apparent to me even then that Dole was going to be the Republican nominee if [former General] Colin Powell did not run. After being very astute in previous campaigns, Pete and his advisors botched the presidential thing. He had the bad luck of having a growth on his throat surgically removed and he was hoarse for the first several months when he went out campaigning. But frankly, that really didn't make that much difference. His candidacy was doomed from the outset. With the Republican party swinging stridently to the right and Pat Buchanan making Dole take more and more conservative positions, Pete could develop no traction. This Republican party was dramatically different than Nixon running in 1960 or 1968. That was a much more moderate, middle-of-the-road Republican party.

By the time we got around to the 1996 election year and to the one or two years in preparation for it, you're talking about a Republican party that has swung to the right probably twenty degrees. And incidentally, a Democratic party also moving to the right, so that it became the 1960 Republican party. Pete, trying to figure out how to attract a national following, tried to use issues like illegal immigration.

There is a problem with illegal immigration. Our government has the right to control our borders. We ought to stop illegal immigration. But Pete Wilson didn't get at this with any sensible analysis. He got at this in a way that got him white, male and female, conservative voters that would agree with

him on this stuff, because they didn't care too much about those low-income, unskilled, what they saw as unproductive, government-program-dependent people coming across the Mexican border.

I think Pete and his advisors knew what they were doing. When they adopted their attack language on those issues, you created lots of difficulty for Hispanic Californians who have been here for decades.

The immigration issue tactic conveyed a view that Pete Wilson was really a different guy than he was in the early public years, and was quite willing to take positions in the new Republican environment that would have been repugnant to him in the early part of his career. That's not unique; many politicians make adjustments in campaigns and after. But the degree to which he made that shift, and that he's even now--affirmative action at the University of California and so on--still trying to position himself as something. . . .

I would not be surprised to see Pete Wilson try to run for president in 2000. I don't see him retiring. I'd say he wants to remain in public office, in the public limelight, and he could well end up trying to run again for the White House in 2000.

HICKE: Well, we'll see.

McCARTHY: Yes. Have we done it?

HICKE: There's one more thing you haven't quite addressed, and that's his leadership as governor, if you could take a couple of minutes.

McCARTHY: To my dismay, there's only one program I can think of that was the old Pete Wilson, the moderate Pete Wilson, and that was a program that his secretary of the health agency, Dr. Molly Coye, proposed. Dr. Coye proposed a health insurance program for low-income newborns up until they were six. Governor Pete Wilson included that in his first inaugural speech. I think it was a program that was estimated to cost about $20 million. It's the kind of thing that a Democratic governor would routinely recommend and Republican governors would not.

Molly Coye left Governor Wilson's administration four years ago, I think. She had served under the Republican governor of New Jersey before

moving to California. Very talented, able doctor. She's now in the private sector in Alameda County.

It is difficult to come up with other recent policy initiatives you would have expected out of Assemblyman Pete Wilson or Mayor Pete Wilson. From Governor Pete Wilson, there was nothing particularly creative. In fairness, he came in as governor just when the effects of the California recession were being felt, when less revenues were flowing into the California state treasury. So he had less budget money to work with. He was severely limited. I think any governor, Democratic or Republican, would have faced serious limitations on policies that might be costly.

But there wasn't anything particularly creative that would not have been costly. For example, helping the state's business do a lot more exporting is one example. Bob Monagan, the former Republican speaker, was the head of the World Trade Commission. He'd been appointed to that role by former Governor Deukmejian, I think. Pete kept him on. Bob Monagan would never say this publicly, but recommendations that he would make as to things that Governor Pete Wilson could do on behalf of the state, export efforts, were not taken seriously. The great expansion in California exports is happening without much help from state government leadership. He could have done things that would have fit very nicely into a pro-business Republican governor administration.

He had a couple of people within his administration that were trying to work very hard at exporting. Irene Fisher, who was there before Pete Wilson came in, the head of the California Export Finance Agency, did a good job with limited funds helping small businesses export. And there were a couple of other people.

I'm not suggesting there weren't people in the administration that were working hard. There were many indeed. But there was no theme, no creative vision coming from the governor of the state, which was somewhat surprising, because with the breadth of governmental leadership experience he had as an assemblyman, as a mayor, as a U.S. Senator, you would think that he could

have provided a vision. But most of the people he had in his inner office were all political campaign types. His chief of staff was a straight-out political type, not a policy guy. Pete's staff were people who watched to make sure that Governor Wilson did not make political missteps. Unlike Governor Deukmejian, he had very few staff policy-makers, I'm talking about policy-makers not in a Democratic model, but the context of a conservative Republican governor. There were plenty of no-cost things that he could have done.

[End Tape 9, Side A]

[End of Session]

[Session 7, April 11, 1996]

[Begin Tape 10, Side A]

HICKE: I'd like to ask you to talk more about Proposition 13, and attempts to solve the problem before it got to that point. Maybe you could tell me a little bit about that.

McCARTHY: Well, what led up to it was the fear of homeowners in California, particularly the elderly homeowners who were living on limited incomes, that skyrocketing property taxes related to skyrocketing market appreciation of the value of their homes was going to cause them a lot of hardship, because they didn't have the money to keep paying for the quickly growing property tax level. And I think that anger developed over a number of years as California real estate went through the roof.

Now, local governments got the benefit of the property tax revenues, of course, so people in Sacramento were slow to really get this picture accurately. There were some members of the legislature who understood it. John Foran, when he was in the assembly, as I mentioned, introduced a constitutional amendment which would have taxed residential property at a lower level than commercial and industrial property. But the business interests of the state opposed that, and they were successful in stopping it in the state senate, even though it got a two-thirds vote in the assembly.

So in 1978, that anger reached a very high. . . . Well, it was really before that.

HICKE: I have a note that in 1976, there was an attempt to change the local property tax, and in 1977, there was a homeowner's relief, another attempt.

McCARTHY: That's right. Yes, there were efforts for several years prior to Proposition 13 in 1978. But one or another interest was able to stop it, and the reason it was fairly easy to stop was because you needed a two-thirds vote in each house to submit an amendment to the state constitution to the people of the state for a vote, and the property tax requirements were lodged in the state constitution. Had this been an ordinary statute requiring a simple majority in each house, I believe we could have done a great deal to remedy the plight of many homeowners in the state over the opposition of business property taxpayers.

HICKE: Would you elaborate on your participation in all of this as we go along?

McCARTHY: Yes. I was supportive of legislative efforts to try to bring property tax relief to homeowners. I voted for it, I spoke in favor of it. But we were stopped because of the two-thirds vote requirement. Now, that's not a good enough explanation to homeowners who are fearful that they won't have enough money to pay property taxes, or they have to pay so much in property taxes that it deprives them of the limited pleasures they had based on their limited income. So there was really no explanation that could be offered short of actually giving serious relief to beleaguered homeowners.

HICKE: Was this money that was going to local libraries and schools and so forth understood to be at risk?

McCARTHY: Counties and school districts very heavily depended upon property taxes for a large part of their budgets. Cities also, but to a much lower extent. Cities had sales taxes to rely upon, which counties and school districts did not have. But counties and school districts were particularly vulnerable to any changes in property tax revenues.

HICKE: But in a sense, they had gotten something of a windfall as these property taxes went up?

McCARTHY: They had gotten a windfall, but remember, the only other place they could turn to would be to the state government, and historically, school districts and counties have paid for a certain percentage of the programs that they administer. So the state government didn't want to be in the position of seizing control over their programs--that's how it would have been seen--by

trying to control their budgets more and more. And also, a lot of members of the state legislature and the governor are not going to offer to raise state taxes to pay school district and county costs to allow local governments to take actions to lower property taxes.

Frankly, the problem was not really reasoned out carefully. We all floated along on this great increase in the value of property in California, and the truth is that we didn't really go through the painstaking steps we should have to understand precisely the fears of a lot of homeowners.

HICKE: I suppose then the counties and to some extent the cities were also opposed to any change in the . . .

McCARTHY: Sure, you bet.

HICKE: Along with businesses.

McCARTHY: Most of all. They had the ideal situation. They didn't have to vote for tax increases, they just got them automatically by the increased market valuation of the homes, and then the county tax assessor would do the job for them. So that's more taxes, and they got their piece. They got automatic increase in property taxes.

HICKE: What do you think the state could have done, had they looked at this more closely?

McCARTHY: As I think back on it, there's probably only one thing we could have done, because business property owners, both commercial and industrial, were too strong for legislators who would attempt to rectify this problem. They could resist getting the two-thirds vote in the state senate and maybe even in the assembly.

Probably those of us that saw the problem should have brought an initiative ourselves. Now, that's unusual, and legislators hate to do that, because it's admitting the failure of the legislative process, but I think that would have been the only way, oddly enough, to do what the backers of Proposition 13 did, only it should have been done differently. We should have probably had a 1 percent ceiling on residential property and a 2 percent ceiling on annual property tax increases for nonresidential property in the state. It

would have been fought ferociously by business property taxpayers, but it might have had enough popular support to do something.

But we didn't do it. This was a failure in the system.

HICKE: But at that point, the system was going along pretty well. You were doing a lot of things.

McCARTHY: The state economy was in reasonably decent shape, at least until '79-'80. The tax revenues were coming in, we were expanding UC campuses, we were doing a lot of things that the public wanted and supported. But the fear of homeowners was intense, and Howard Jarvis, a curmudgeon, [Laughter] who looked and often acted like a slob, but who was singleminded in his pursuit of the project, frankly not so much for homeowners as for apartment house owners . . .

HICKE: Yes, you explained that before. He was an apartment house owner, I remember.

McCARTHY: Yes. And this is how he made his livelihood for many years. But this was his cause, and he saw, he understood the failure in Sacramento to address this problem, and he persisted through several election cycles on this issue, trying to get the signatures to qualify initiatives a couple of times. I can't remember; I think he got it on the ballot once and it failed in some form. But I know he tried to qualify initiatives a couple of times and just didn't have the support to get the necessary signatures. But the rage was at a high level by 1978, and a lot of people were organizing on their own without Howard Jarvis, and he became the hero, and he went around and was able to link all of these groups together throughout the state.

HICKE: It seems as if his earlier failures might have also contributed to the feeling that maybe this wasn't as intense as it actually was.

McCARTHY: I think that's absolutely a correct perception. I think a lot of us in Sacramento, who really didn't measure the distress of homeowners accurately enough, sort of said, "Well, they've got this big asset, a home, that's being greatly inflated now, and that's going to be good for their kids, their families, whoever inherits it," and so on. We didn't understand, and should have, the fears of a lot of

these homeowners. Jarvis was able to capitalize on Sacramento's relative inaction versus this growing rage out there among homeowners. So the old curmudgeon was able to ride the crest of the waves.

HICKE: Yes. You told me about Governor Brown's nonsupport and then support.

McCARTHY: His primary night pirouette.

HICKE: [Laughter] That's good alliteration. What was the reaction of the legislature the next day or the next week?

McCARTHY: A mix of anger and admiration. [Laughter] On the one hand, they wanted Jerry Brown to be reelected. They didn't want Evelle Younger, the Republican candidate, to win. On the other hand, they were scornful of what they saw as his lack of a compass, a conviction compass, if you will. Which was sort of unfair to Jerry Brown in a way, because he did have convictions on some issues that he cared very much about, like the farm workers. But on something like this, it was seen as, I'm going to protect my tail.

And he pulled it off. He beat Evelle Younger easily. The night of the primary, many were predicting that Younger was going to beat Brown, but Brown ended up beating Younger by close to a million votes, I think, in November.

Now, Younger was not a good candidate. He wasn't a bad attorney general, as a matter of fact, but he was a really stodgy, plodding, unappealing kind of candidate. But Jerry Brown worked the magic.

HICKE: OK, well, back to Proposition 13. What did the legislature do next?

McCARTHY: The legislature did things in two categories. One, what was substantively necessary as policy to carry out Proposition 13. We had very little time to make this change. So for the first time in recent history, a joint committee of the legislature made up of the top leaders of both parties was formed to hold hearings and make judgments on how to. . . . The local governments were shell-shocked. School districts, counties, and cities in that order, with a big drop down to cities, were about to lose a substantial part of their budget. A lot of money derived from property tax revenues. And of course, they all came to Sacramento looking for help. In fact, we had a state surplus and we

had state monies, and we delegated a great increase in money to local governments at that point of present and anticipated state revenues. You will see that the percentage of state revenues that go into kindergarten through the twelfth grade today is much larger than it was prior to Proposition 13, the percentage of state versus local.

That's what that joint committee attended to. It's a very complex law, and we tried to mitigate the damage. Of course, people like Jarvis were saying, "You don't have to do that. Just let them reduce their government by one-third to a half." So where Jarvis had something right--trying to help homeowners, plus his own personal agenda for the apartment house owners--he didn't know what he was talking about when it came to trying to help local government units make this massive adjustment. So that's what the joint committee did.

Now, I said there were two categories of actions the legislature took. Remember, there was relatively little time. The primary was the first Tuesday after the first Monday in June, and in the legislative session, we had the month of June, then we had a July recess, and then we came back for a month in August. So we had relatively little time to take care of all of this.

But we took care of the transition legislation before we left for the July recess. I don't remember how much of a recess we took that year. It might have been shorter than usual.

In August, we acted on category two, which was our politically defensive measures. We did two things. The Democrats believed that the Republicans would not only ride Proposition 13, but they would extend that and try to say, "The Democrats only wanted big government, big spending, big tax increases, and we're the opposite. We think you're paying too much in taxes now, we don't need all this government, and we ought to trim back."

Now, everybody believes that. I can't find many people that don't believe they don't pay too many taxes and that the government couldn't be trimmed back. Indeed, the government could be trimmed back. There is fat in the government; there are inefficient programs. But without being precise and

critical, it wasn't a very helpful kind of public dialogue, but it sure was helpful in a campaign context.

HICKE: Yes. It's always interesting to me, the polls show that the public wants more service but wants to pay less in taxes.

McCARTHY: That's right, that's right.

So we did two things then. We indexed the state personal income tax. Now, that was a bill introduced by a Republican who was a moderate Republican and one of the better Republicans, [Assemblywoman] Marian Bergeson of Orange County. She's now a member of the Orange County Board of Supervisors. Good legislator. She introduced the bill to index the personal income tax.[1]

A lot of Democrats wanted to kill that bill. I thought the bill was good on its merits. What the bill was intended to do was to prevent those that paid personal income taxes from being shoved into higher brackets by inflation. So you would make an adjustment in the personal income taxes they paid for inflation, and I thought that was a fair proposition. I supported that over the opposition of some of my fellow Democrats, and that went to Governor Jerry Brown's desk, and he signed it.

The other piece of what could be generally described as politically defensive actions was this: there was a large surplus in the state budget. The economy was pretty good, it was bringing in a lot of revenues, and Jerry Brown suggested that we give back that money to the voters. I'm trying to remember the amount of money. I think it was $1 billion, to give back. Well, by the time you give back that in a proportionate basis or however we did it to taxpayers, it's a few dollars each. It's a small amount of money. But politically, it's a big deal.

When I first heard about it, I said, "Well, why don't we pay off some of our bond debt, and that way we'll really be helping the taxpayers, because we won't have to pay so much interest? The taxpayers are going to get a few

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1. S.B. 1 and S.C.A. 6, 1977-78 Reg. Sess., Cal. Stat., ch. 24.

dollars apiece, and I understand the political good that does us in the campaign, but if we really want to be fiscally. . . . " But my suggestion didn't get anywhere. The emotional surge behind this was enormously strong, and of course, Governor Jerry Brown had gone public with it, so then you're in a position of taking on your own governor, opposing giving back tax money.

HICKE: Not good!

McCARTHY: So that passed too. And frankly, I think, that issue was one of the things that really helped Jerry Brown win by a big margin. He could say all over the state, "I insisted we give back a billion dollars. It's your money, you deserve it." Right? It's very politically appealing to voters, who actually didn't see the benefit of it until after the election was over. At that point, they understood how little it was.

HICKE: They weren't each getting a billion.

McCARTHY: That's right. That's right.

HICKE: There was something about eliminating the business inventory tax? Was that part of yours . . .?

McCARTHY: Oh, that we did on the merits. We believed the complaints of a lot of businesses that the amount of the business inventory tax paid was too large, and it was encouraging a lot of businesses to move over the state line into Nevada where they had no business inventory tax.

Now, former Speaker Bob Moretti and others had spearheaded the elimination of about one half of the business inventory tax. I, along with others, and I'm trying to remember who the particular author was of eliminating virtually the second half of the business inventory tax. It was a Democratic lawmaker. But we eliminated the second half of the business inventory tax.

That was not so much in this whole surge following out of Proposition 13. That would have been done I think in any event. It was a considered, deliberate thing, because we were losing businesses because of the business inventory tax, and to be competitive, we needed to eliminate it.

HICKE: Do you know when that happened? Somewhere around?

McCARTHY: Yes, I think it was in that '77-'78 period. I don't remember which year. David Doerr could tell you.

HICKE: OK. Have we followed up on Proposition 13 pretty much? I think there was the Gann Initiative, Proposition 4.[1]

McCARTHY: Well, it's messed up the whole governmental structure.

HICKE: Yes, I'd like to hear about your view of the impact.

McCARTHY: I think what it's done as a practical matter is to shift a lot of power from local government to state government, particularly from counties and school districts to state government. Policy usually follows money, and when the state government became responsible for paying a much larger portion of school district budgets and county budgets, that meant increased state control over those two levels of government.

Now, this is not nearly as true at the city government level, because again, the percentage of property taxes that were in part paying for city budgets was much smaller as a percentage than at the school district and county level. But what Proposition 13 has led to, I think, is a massive change. And frankly, California is too big and too complex for Sacramento to be exercising through policy, power over school districts. If anything, in school programs, we should be decentralizing, maybe reorganizing some of the school districts, but decentralizing, encouraging much more local creativity and parental involvement, almost school campus by school campus. Proposition 13, I think, drove school policies in the opposite direction, and I think a lot of school districts are still suffering from it.

There are efforts now to create charter schools and to return a lot more administrative flexibility to certain schools, but again, the people that control the money are reluctant to give up policy power, historically.

The poor counties are suffering very badly in California. That structure is almost an anomaly now. A number of smaller counties are on the

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1. Proposition 4 (November 1979). [Limitation of Governmental Appropriations; officially cited as California: Constitution, Art. XIII B]

edge of bankruptcy, and they're struggling along, and they're paying people very low salaries, they're having a tough time attracting people. At least, they were until the private sector started to turn sour five years ago, and people were out looking for jobs when they lost their private sector jobs, and they were willing to work for lower wages in the public sector.

So I think it's had a very negative effect. Government in California is difficult enough as it is. It's too big, it's too cumbersome and complex, it drives up the cost of doing business in the state, it means a less helpful response to individual citizens when government is so cumbersome. The fact that Proposition 13 really enlarged the authority of the state in California I don't see as a good thing.

HICKE: OK, along with these taxes goes the annual budgetary considerations, and they have been seeming to get worse and worse. Can you describe how that process went when you were speaker and thereafter?

McCARTHY: You're talking about taxes at the state level?

HICKE: No, the legislative budget wrangles. I don't know exactly when they started, but they certainly seem to have been getting worse and worse. Let me turn this tape over before you answer.

[End Tape 10, Side A]

[Begin Tape 10, Side B]

McCARTHY: Well, part of our difficulty has been that since the November 1982 election, we've had a Republican governor and a Democratic legislature, right up to. . . . We still have a Republican governor, and for the first time, out of the 1994 elections and some special elections that followed, we now have a Republican assembly, by a small margin. But during most of those years, you had a Republican governor and a Democratic legislature. And then, during the Wilson years, you had a serious California recession which greatly reduced tax revenues coming in to the state.

So a lot of wrangling over budget priorities flowed from less funds being available to spread around and the Republican governor and the

Democratic legislature having different areas of priority. What you put into the budget really determines whether the policy statutes you enacted in prior years are going to be carried out or not. You can enact all the wonderful policy statutes, but they never will mean anything unless you give them support in the budget. So it's natural that there would be a lot of fighting in the budget.

Poor economic conditions were the first factor, but the second factor was, you had a Republican party that was growing more and more conservative, moving to the right. We've talked a little bit about this. Their theme of antigovernment, not just a revitalized government, was important--a slimmed-down government, an accountable government; all those things are quite proper criticisms. But rather, government inherently was a bad thing. Ronald Reagan: "Government is the problem, not the answer." "Government should get off our backs." "Government should move aside and let the private sector do it." Those themes sunk deeply into the psyche of California voters and American voters.

So what you had happen in California, particularly in the eighties after Ronald Reagan became president, was: never mind that he didn't really reduce the size of government. It grew substantially, but in California, and also in the states where federal help was being reduced in some areas, under the Deukmejian years starting in January '83, you started to have conflicts, and then you had the ideological thrust of the party trying to show that it could implement its beliefs by reducing the budget and reducing the size of government.

But where it really got complicated was when the recession visited California, which really started in the last year of the last Deukmejian year, 1990, and then grew in the first Wilson years, '91, '92, '93. Then you had this terrible budget conflict.

Governor Wilson had the long view of someday making a try for the White House, so again, it was part of his transformation from a moderate Republican to a very conservative Republican. Not only did he have real

problems to deal with that would face any governor, Democrat or Republican, and that is a recession and declining revenue support from the federal government, but he also wanted to make a name for himself on the national stage. All of these things combined with what was a much more liberal center of gravity in the Democratic legislature, so you had a lot of conflict.

You had a lot of compromise in this period. Democrats four years in a row voted to freeze the cost of living for welfare recipients, things that were unheard of before that. So Democrats in the legislature made a number of cuts, and they were trying to do a conscientious job. But it was just almost impossible for them to make the kind of shifts that Governor Wilson wanted, particularly when it came to the funding of schools. Governor Wilson wanted to rapidly drive up the budget for building prisons, and he worked with those employees who were involved and gave them generous wages. So the overall budget for the prison system skyrocketed, and still is high. Correspondingly, funds for schools were going up at a very slow rate.

Democrats in the eighties and the early nineties more than anything else wanted to try to help the school system by giving it more funds. I'm not sure that Democrats in the legislature were making the kind of reforms necessary to make the school system work, but they were trying to give much money to schools. And Democrats have been aligned with teachers for many years as well. Teachers support Democrats generally in elections. So there was a marriage there of concurrent beliefs on what the highest priority should be, and political support.

Both Governor Deukmejian and even more so Governor Wilson made a number of derogatory remarks about teachers and the teacher union and so on, and sometimes painted teachers as self-aggrandizing, don't care about the kids, only care about their own paycheck, type of people. So there was a lot of antagonism that grew up, and that was central in the budget conflicts that went on in the late eighties and early nineties.

HICKE: Well, through the years of your speakership, what kind of challenges did you have in the annual budget process? They were different, obviously.

McCARTHY: Yes. We had a Democratic governor, for one thing. You know, I almost have come to the belief that we should have elections in the British parliamentary style, where one party controls the chief executive job, the governor's office, and has a majority in the legislature. You almost vote for a slate. Let them make their case, let them get elected, say, for a four-year period or whatever; they might have to face a vote of confidence in the legislature, but give one party the chance to run things. I don't believe that a governor of one party and a legislature of another party is really a constructive checks-and-balances system. The truth is, it introduces a lot more conflict than is healthy to make government work well.

Now, in the 1970s when I was speaker, Governor Jerry Brown was there. Although he was a lone blithe spirit, [Laughter] he would work reasonably well with Democrats in the legislature, and he signed not all but most of our bills, particularly the ones that meant the most to the Democratic majorities in the state senate and the assembly at the time.

So frankly, the years '75, '76, '77, '78, were, aside from the failure on property taxes, really pretty productive years, from a Democrat's point of view. We were able to enact laws that made a statement about what was important to us, and we were able to shape budgets for the most part that carried out our priorities. While it was sometimes tough to get a two-thirds vote in the assembly. . . . Incidentally, the senate, to their credit, had a much more bipartisan approach on budgets. They did not evidence the kind of partisan wrangling that you often saw in the assembly on budgets. In the assembly, it was a struggle. You could rarely get a Republican to vote for a Democratic governor's budget, particularly during '76, '77, '78, as the Republican conservative ranks were swelling and the antigovernment themes were growing and being used in political campaigns. Didn't want to vote for a Democratic governor's budget, because then they couldn't use their themes in elections.

HICKE: Why was this different in the senate?

McCARTHY: I don't know. The senate historically has more amiably approached the budget than the assembly. And in the senate, the leadership was more moderate. The

Republican thrust to the right was more evident in the assembly at first. Remember, the group of Republicans that were elected in 1978 to the assembly were called the Proposition 13 Babies. While there were some elected to the state senate, it was really in the assembly that the Republican conservative swing was seen. Then some of those later ran for the state senate. Now, of course, you've reached the culmination in the state senate with Senator Rob Hurtt of Orange County knocking out moderate Republican Ken Maddy of Fresno in the last Republican leader vote in the Republican caucus in the state senate. So now you've seen the culmination in the state senate in 1996 of what really started to happen in 1979 in the state assembly.

So back to the budget fights: they were much easier for us, by comparison to what followed when you had a Republican governor and a Democratic legislature and you had more and more conservative antigovernment Republicans getting elected to the state legislature.

HICKE: No doubt this happened in the house first because of the shorter terms.

McCARTHY: Yes. And keep in mind that there are eighty assembly seats open every two years. There are only twenty state senate seats open every two years.

HICKE: Yes. You introduced a bill to extend the limits. We talked about that earlier.

McCARTHY: I did. I once put in a constitutional amendment to give assembly members four years and state senators six years. I could not get my friends in the state senate to buy that proposition. I think they were concerned that it would give assembly members a lot more opportunity to run against incumbent state senators. It's one of those things that's been embedded in law for so long that it's very hard to get people to think differently.

HICKE: A certain amount of inertia carrying you along there.

McCARTHY: Yes.

HICKE: Well, I'd like to talk a little bit about some other business-related issues, other than the tax and the budget. I have a few down in my notes; perhaps you can tell me what you think the most important ones were. But quite a few concerned oil. Some of these were environmental issues, but there was an oil

depletion allowance, and there was the proposal for ARCO rigs, and there were the gasoline crises, '73 and '79.

McCARTHY: Where would you like to start?

HICKE: [Laughter] Well, maybe we should start with the gasoline crises, since those seem to affect the most people.

McCARTHY: Well, the gasoline crisis was largely perceived as an international problem that could really only be righted by the president and the Congress. Everybody had the general picture that there was an oil cartel that could control the price of oil by how much production they permitted the members of the cartel to have. And while not many Americans heard about OPEC [Organization of Petroleum Exporting Countries] before gasoline prices shot up in the early 1970s, they sure got to know it pretty well after that. And of course, throughout the seventies, the price of gasoline for the most part stayed pretty high. The United States government finally put some pressure on its allies, like Saudi Arabia, to put some controls on oil.

So for controlling gasoline prices, all we could do at the state level was to add our voices to the clamor, so that the federal government would do something about it.

But there's something in addition that gave rise to the clamor at the state level. It put a focus on renewable energy options. We were importing so much of our oil from the Middle East and a couple of South American countries that people began to realize that it was very bad public policy to be so dependent on foreign governments for our oil, because that was so fundamental to a healthy economy. So you started to--and Jerry Brown, to his credit, was one of the major leaders on this--you started to get legislation introduced to give tax credits to solar energy companies and wind power companies, to nurture the beginning of renewable energy companies in California, and support for geothermal and so on.

And although none of those laws and the companies that were helped under them grew to any impressive levels, oddly enough, it stimulated a national interest in renewable energy, and when Jimmy Carter was elected

president and took office in January '77, he started support for a number of these programs. He followed California's lead and pushed through some things in, as I recall, '78 and '79, and got funding for them. So it helped many companies take root in renewable energy efforts.

Now, President Reagan, when he came in in January '81, wiped out virtually all of that money.

HICKE: The tax credits, you mean?

McCARTHY: Yes. Any of the support. What was left, fortunately, was the money for the Department of Energy to allocate in their budgets to the national labs, so that labs like Sandia for a period of five or six years in the early eighties did some very good work in renewable energies. They would contract with private-sector companies, and their research formed a basis of data which renewable energy companies, which then made a comeback in the late eighties but especially in the early nineties, could rely upon.

So back to the state of California. One constructive thing that happened was Jerry Brown's efforts and the efforts of a number of Democratic legislators to try to turn to renewable energy and other related matters. If we have to use so much gasoline, how do we make it cleaner to attack air pollution problems? And so on. So the gas crisis spawned a number of these things at that time that people don't make the connection to now, but it really was spurred by the crisis over trying to be less dependent upon foreign oil.

HICKE: So automobiles with better gas consumption, for instance.

McCARTHY: Yes. It forced the Big Three [General Motors, Ford, Chrysler] by federal and state action--and California led the way on this--to the manufacture of cars which would get much better mileage, so they'd use much less gasoline.

HICKE: That's encouraging. I tend to think that once the crisis was over, people forgot about it, but I see what you're saying.

McCARTHY: There were lapses. As a matter of fact, the U.S. automobile industry sort of has. . . . Its choice of what cars to manufacture is now less driven by worrying about how much mileage you get. It's still driven by air pollution requirements, but it's more driven by their major foreign competitors. If the

Japanese are selling big luxury cars, heavier cars that consume more gasoline, selling them in the American market, the U.S. car manufacturers are going to start producing more of those bigger cars as well. So I don't want to suggest that there's a total victory in this area. This is a continuing battle back and forth.

HICKE: Yes. Was there something particularly significant about the oil depletion allowance?

McCARTHY: Yes, that it was in the state constitution--it was placed there by the influence of the oil industry in California in the 1930s--and it was a statement of unfairness for all other taxpayers, that a two-thirds vote was required in each house of the legislature for any taxes on the oil depletion allowance and on oil companies generally, and it was also true of banks and insurance companies, as I recall; but on all other taxpayers, a simple majority was all that was required at the time.

So to try to give a little greater confidence to ordinary taxpayers, a number of us spearheaded amendments to the state constitution to remove those extraordinary protections for oil companies and banks and insurance companies.

HICKE: And what happened?

McCARTHY: They passed. Oh, the voters saw the inequity of it, and the voters passed it, even though the companies protected by the two-thirds requirements spent money trying to defeat the proposed passage of these amendments.

HICKE: Then I suppose the proposal for more ARCO rigs offshore, I think they were in '87, was not unusual, probably happens all along?

McCARTHY: Well, how much oil drilling could happen offshore went back and forth throughout, and it really became an issue after the Coastal Commission was created in 1976. Thereafter, oil rig developments in state waters, which is the first three miles offshore, came under a number of limitations. And then the makeup of the State Lands Commission, on which I sat as lieutenant governor, also had something to say about where drilling would be permitted and under what conditions. The controversies were especially heated over drilling off the

Santa Barbara coast because of a couple of oil spills, and because there were a lot of oil rigs concentrated there.

So they were restricted over a number of years, and oil companies have largely given up on drilling off the California coast. They're focusing on the north slopes of Alaska, and they're focusing on China and Vietnam and other places, like Mexico.

HICKE: How did your success in California along these lines compare with other states? For instance, in Louisiana, I think there's . . .

McCARTHY: Oh, the culture is entirely different. There was never any real effort in Louisiana to limit oil drilling off the coast. It was quite the opposite.

HICKE: OK. And I don't know if other states have had to deal with this problem.

McCARTHY: I recall some disputes in parts of New England, because a lot of the fishermen there felt it would interfere with their ability to make a living. But the main oil finds were off the California coast and the Texas and Louisiana coasts, and how these states handled it was very contradictory.

HICKE: Then one of the things I know you've been interested in is recruiting to California more business interests, including corporate interests, international trade, and small businesses. So let's start with recruiting more corporate interests.

McCARTHY: International trade is something that I became very involved in when I became lieutenant governor. I had minimal involvement in this when I was in the legislature. As lieutenant governor, I was automatically on the World Trade Commission as ex officio member, along with the governor and the secretary of state, and while that wasn't a particularly active involvement, that introduced me to the subject. What I learned was that Governor Deukmejian had his hands full with other issues and was not particularly involved in international trade, and didn't seem too interested in it. He took a couple of trips, but it didn't appear his heart was in it. He was involved in other domestic issues, other issues, domestic issues.

So I became more and more involved starting in '84, '85, '86, and this grew so that I really established within my own office. . . . One of the things

the lieutenant governor does is chair something called the Economic Development Commission, and I decided that that commission would allocate a significant portion of its efforts and its staff, resources, to helping companies sell their products in overseas markets. That effort just grew and grew so that in the late eighties and the early nineties, we were really doing quite a bit.

HICKE: Do you want to elaborate on that?

McCARTHY: Sure. Some of the early trips that we took to Eastern Europe . . .

[End Tape 10, Side B]

[Begin Tape 11, Side A]

HICKE: You were just talking about trips.

McCARTHY: Well, let me say first that I started to meet with a number of groups in the private sector involved in international trade, especially export of California products. I spoke to a number of those groups at their invitation, and it compelled me to bone up, to read a lot about California international trade opportunities, to study foreign markets, to talk to people involved in the business, and I learned a great deal from it. Then I had certain of my staff members get deeply involved in this as well.

Then we started to organize delegations to go overseas, and as I look back, our first efforts were kind of amateurish. We did all right, but I don't think we made many deals, because we didn't really know how to do it. But as we moved along, particularly when we started to take delegations to Asia, where the lieutenant governor of California was taken much more seriously in state-controlled economies . . .

HICKE: More seriously than in Europe, you mean?

McCARTHY: More seriously than in Europe, or in places like Japan where, while the government has a lot of control over economic policy, the private sector is the main driving force.

HICKE: OK, so the fact that it was a state-run economy was significant.

McCARTHY: That's right. In China, the lieutenant governor of California is a very big deal. So you get a lot of deference, and you can open up doors, and you can get California companies an audience with those who make buying decisions.

We got better and better at this as we moved along. We learned where to go to do good research. Department of Commerce, Department of Energy in Washington, University of California, particularly UCSD [University of California, San Diego], had some very good people on China. And we could identify what markets needed what California products.

Then we tried hard to identify which people in China or whatever country we were in, Taiwan, were making the decisions.

Then we would try to establish delegations where there was some common thread, so that you could organize the visits rationally. If you took along a dozen people and they represented a dozen entirely different companies, it was impossible to organize the meetings. What we tried to do was organize a lot of one-on-one meetings, instead of dragging a delegation around to every single event, which wasn't very efficient.

So we organized a group of energy companies, half a dozen energy companies. Now, they do different things in the energy industry, so while they're minimally competitive, the truth is they each had an opportunity to go pitch their own case to Chinese officials.

We organized a group of medical equipment manufacturers. We organized a group of environmental technology companies that had instruments or processes to clean up air or water or soil pollution.

HICKE: Were they trying to sell their services and products in China or . . .?

McCARTHY: Both. Well, in the case of the environmental technology group, that was to Taiwan.

HICKE: Yes, or wherever. But they were both selling their services and looking for investment, or . . .?

McCARTHY: Some would sell services and product, others just wanted to sell products.

HICKE: But it was sales.

McCARTHY: Right, yes. They weren't buying missions, they were selling missions.

So we got better and better at it, and I actually used more and more of my staff on this to work with companies. I personally got involved in phoning a lot of CEOs. On the medical technology, medical instrument manufacturers' trip, we must have contacted about 250 California companies to determine what their level of interest was in trying to sell their product in China, where that particular delegation was going to go. And we ended up, I think, with something like fourteen medical equipment companies. I think all those companies were pleased to be contacted by us and tried to be involved, but for one reason or another, a lot of them didn't want it. They didn't think the China market was ready yet, they thought they'd spend a lot of money without getting any return, and in some cases that was very true. But we did this sifting process.

With the energy delegation, we worked with [Charles M.] Chuck Imbrecht at the California Energy Commission, and they were very helpful. Imbrecht has been there for a long time. I think Governor Deukmejian put him in, and Governor Wilson kept him as chairman of the California Energy Commission. He's a former Republican assembly member. He was there when I was speaker. He's done a good job at the California Energy Commission. Moderate Republican, creative man. He helped us prepare for the energy delegation trip.

So not only did I use half a dozen people who were on the staff of the California Economic Development Commission, but we also used other people from the lieutenant governor's staff. I mean, they worked as an integrated unit on preparing for these missions to go out. I think actually we did a lot of good. A lot of the companies we took ended up getting business.

HICKE: Do you have any statistics indicating the results?

McCARTHY: Got a lot of letters from them that were written to the State Senate Budget Committee. I think we probably got over thirty companies. I said, "Look, just write; the senator is asking why should we give you the money for the Economic Development Commission because we've got a State Department of Commerce." So I said, "Only write letters in terms of tangible effects. Did it

affect jobs in your company, did it affect sales in your company? What's the dollar volume?" And that's what they sent in at that point.

HICKE: You went with some of these groups, or you went with all of them?

McCARTHY: Oh, sure.

HICKE: What was it like negotiating with people you visited?

McCARTHY: I didn't do any negotiating. I let the companies do their own negotiating. I would praise the company: They're highly respected in California; the product they make is widely used in the United States. I would give that kind of introduction so that the California company had face in front of our Chinese hosts, or Taiwanese hosts, or we took companies to Vietnam as well. But then the company had to sell its own product.

HICKE: And you established their credibility.

McCARTHY: That's right. Are we about done for the day?

HICKE: OK, we can certainly stop.

[End Tape 11, Side A]

[End of Session]

[Session 8, August 7, 1996]

[Begin Tape 12, Side A]

HICKE: First on our list today is aging. We talked about the California Commission on Aging in 1962 when you were first part of that. And then in 1971, there was a Joint Committee on Aging established in the legislature and you chaired that.

McCARTHY: That's right. That's correct.

HICKE: So that's where I think we should pick up now.

McCARTHY: OK.

HICKE: I read that one of the things you said at that time was there needed to be something more than the California Commission on Aging, that it wasn't quite doing the job. Is that right? Perhaps it wasn't doing the job that you wanted done.

McCARTHY: I think what I said was that the Commission on Aging would only be as helpful and aggressive as the governor of the state was, because all the people appointed to the commission at that time were appointed by the governor. So it could either be a passive group, or it could really be given a mission by the governor. And that's the point I was making, was that you need both a strong executive branch commitment to the types of problems older Californians were facing and a legislative effort directed to the solutions. And that's where the Joint Legislative Committee on Aging came. So it wasn't one or the other; it was really both. There were so many problems facing elderly people that both needed to be addressing those problems. There were plenty of problems to go around.

HICKE: We talked about this briefly earlier, but can we elaborate a little bit on the problems and how you went about addressing them?

McCARTHY: Sure. The first major problem that we tackled on the Joint Legislative Committee on Aging dealt with conditions in nursing homes in California. There had been a few newspaper articles by diligent journalists who reported on the degree of neglect and carelessness taking place in primarily the for-profit nursing homes in the state. Now, this is very big business in California and nationally, because 70 percent of the people in nursing homes in California then and now are subsidized with federal and state dollars. They're Medicare and/or Medi-Cal patients. The level of reimbursement coming from the government was always kind of low, and the attitude of a number of the for-profit nursing homes toward how those elderly, often elderly with limited mobility, should be treated.

You had a whole range of problems. You had the attitude of some of the staff. Those that had contact with them were paid low wages, so there was a lot of turnover. Some of them were devoted, compassionate people, and some of them didn't care. So you had a lot of things happening, like some elderly residents not getting their food regularly, the proper diet, [not] being turned over so they didn't develop bedsores, being placed in water that was way too hot in the bath and getting burned. There were just a lot of things like this. We held a series of statewide hearings.

HICKE: Who showed up at the hearings?

McCARTHY: A lot of family members, and some people who had worked in nursing homes.

HICKE: Oh, so you got both sides.

McCARTHY: Yes, to give testimony. Out of those hearings around the state, we then developed a series of bills that were introduced in 1973, I think it was. I think the hearings were in 1972, and the bills were introduced at the beginning of 1973. And it caused quite a stir.

HICKE: Wasn't that the series of six bills? A.B. 1200 to 1206, I think.

McCARTHY: Yes, I think it was the 1200 series. So, well, maybe they were introduced in '72, but they really got action in '73. As is the case with many controversial bills introduced in Sacramento, they're often not passed in the first session. It may take you two or three or four years to wear down the opposition and to build support and get them passed. Takes a certain tenacity. And that was the first thing we took on.

But out of the nursing home hearings, what we learned was that there were many people committed to nursing homes who really should not have been. There simply were not other facilities available for them. Maybe they didn't have family here. The U.S. is a very mobile society, as you know, so often children move away from where the parents live, or the grandparents live. Or, economically they find it difficult to. . . . Maybe they live in small homes, maybe they have a number of children. Maybe the grandparents or the elderly parents don't want to feel dependent upon their children. So there are a lot of reasons why people go to nursing homes.

But we became convinced that it was very important that we try to keep elderly people in residential circumstances where they could feel somewhat independent, where they would not become institutionalized and become non-persons. I personally visited a number of nursing homes, and my staff visited a number of nursing homes, and we took plenty of testimony from people. So we could get a feeling, not just. . . . It's not so much seeing the abuse. . . . You could see the results of some of the abuses--bedsores and burns--but it's seeing the mood of the place.

Now, I want to emphasize, this is not all nursing homes. A lot of the religious-affiliated nursing homes, of course, had staff people working for nothing or very little, and their whole motivation was quite different. They weren't viewing it as a way to make money. They were devoted to the residents who were living there, and most of the nonprofit homes were quite well run and run with a lot of compassion.

But we learned that, while a lot of elderly needed nursing homes when they reached a certain level of infirmity, there were many of them that never would have reached that level, never would have gone downhill physically and mentally and emotionally, had there been some intermediate step. And that's why we then in the next couple of years started pushing for adult day health care centers.

That was a way to keep people either in their own homes, where it was a home or an apartment they'd been living in, or in small group living situation, maybe where there are six or seven or eight elderly living together, where they were called upon to do a lot for themselves and yet they got just enough help; maybe they needed help with the shopping, getting to the doctor or something, but they could maintain themselves and they could stay in familiar environments where they would be emotionally sustained.

There were quite a few adult day health care centers created around the state, not nearly as many as there needs to be. I was very disappointed in that. I set out wanting to push the creation of at least three hundred, and I think it got up to sixty.

HICKE: How did you get those sixty? Was that in the legislation?

McCARTHY: There were a lot of other people out there that also saw the need for this. Yes, there was legislation. You had to get the funding for it, and it took a certain amount of money to fund these. There were plenty of very dedicated people who ran nonprofit groups around the state who were there, ready to run them, and they'd do fund raising on their own in the community, but they needed some government help. Because the people that they took were very low-income people, and people who needed social contact to keep them up. People who needed a little exercise program, a little rehab program, so that they didn't become vegetables. So anyway, that's the first couple of tasks.

HICKE: So these were state-funded and state . . .

McCARTHY: Yes.

HICKE: There was some kind of oversight by the legislature?

McCARTHY: Yes, yes.

HICKE: Now, housing: I think something was done to help the elderly with regard to housing? In the seventies, there was a property tax . . .

McCARTHY: Which one are we thinking about now?

HICKE: In 1971 or '72, [Assemblyman William] Bagley introduced legislation to. . . . It may have covered a lot of other things too, but one of the things it did was give the elderly some property tax relief.

McCARTHY: Yes. We did give some modest tax relief. We gave renters tax relief. That was initiated in the mid-seventies, and of course, a very high percentage of elderly, especially elderly women, after they're either living alone or they're widows, are renters. So they needed that relief. We did a number of things. There were a lot of bills in the late seventies to help them. We pushed through a bill that the telephone company fought vigorously to give low-income people a certain number of calls each month at a low rate, and the whole purpose was that, if they were not too mobile, if they couldn't really get out a lot, the telephone was their access to that world out there. So I forget what, thirty calls a month or whatever it was at a low rate, and I think that law still exists today, although the Pacific [Bell] Telephone Company has done what it could to erase that.

HICKE: I think they add a little charge or something onto everybody's bill to help pay for this kind of thing?

McCARTHY: That's right.

HICKE: It's very minor.

McCARTHY: That's right.

HICKE: But that was a great help, I would think, to anybody who's isolated.

McCARTHY: Yes.

HICKE: And then there is a bill to allow senior citizens to audit some classes?

McCARTHY: Yes. That was one of my bills, I think. We tried to look at the older population as a very complex population. While there are many elderly who have common characteristics, there are also many differences among elderly

people, so someone who might be retired, who might be living alone, who is fifty-five, sixty, sixty-five, seventy, might also be very intellectually vigorous. Giving that person a chance to go into a classroom and audit and learn from it could be a real source of happiness to that person. And for that matter, frankly, looking at it in cold budget terms, it might be the thing that kept that person from deteriorating so the person would have to be institutionalized and it would cost the taxpayers a lot more money. Now, that's to me the second purpose, the prime purpose being to try to help that person stay vigorous and happy and feel fulfilled in a different way.

HICKE: Would these have been community college classes?

McCARTHY: Yes.

HICKE: Or adult evening classes?

McCARTHY: Yes, it could have been.

HICKE: All of the above?

McCARTHY: Yes. Post K-12.

HICKE: So they had to at least have a high-school diploma to do these things? Well, obviously, if they're going to a community college, they'd have to have that.

McCARTHY: Yes.

HICKE: Next is avoidance of bias.

McCARTHY: Yes. There was a lot of discrimination against women over forty. It probably starts earlier than that. We had evidence that in this state, there were a lot of women who might become widowed or divorced, or perhaps they chose to live alone, and as they got into their forties. . . .Well, if they hadn't been working, suppose they had a job when they were nineteen, twenty, twenty-one, and then they got married, and they hadn't had work for a long time, or for whatever set of circumstances, maybe they lost their husband or divorced and they raised their kids. And then the kids grew up and they went out looking for a job when they could, to help support.

They ran into a lot of bias.

HICKE: Not just against women, but against older women?

McCARTHY: Yes. It might have been based part on gender, and it was based a lot on age. For all the transparent reasons. Gee, maybe it would cost the employer more for her health plan, maybe we train them and then they won't be around as long as we like. That was back in the days when they thought about employees staying with the company for a long time, which nobody thinks about any more.

HICKE: Right.

McCARTHY: You know, maybe, hey, they want younger people around, more spirited. All those ugly prejudices that exist in a lot of places. Now we've overcome a lot of those, and employers understand the wisdom of hiring stable, steady, hardworking, mature people who use judgment based on their life's experiences, so there's a bit of mix.

HICKE: And what you did then probably helped create this present-day attitude.

McCARTHY: Yes. I think it did.

HICKE: So what did you do? It was more legislation on this subject?

McCARTHY: Yes. Well, there was one bill I remember that just out-and-out forbade discrimination based on age, if that was the only or the clearly dominant factor in refusing employment. And I'm proud that I've seen a number of lawsuits filed under that statute that have been won by the people bringing the lawsuits.

HICKE: And again creating a climate for less of that to happen.

McCARTHY: Yes, yes. And lawsuits brought not by people over sixty-five, but a lot of people in the late forties-fifties range. TV broadcasters are the best-publicized ones, but it has taken place in many categories.

HICKE: Was there such a thing as proving that a person over forty, say, would not be suitable for this job? Was that a consideration? I can't think exactly where that would be the case, but . . .

McCARTHY: Oh, you'd be amazed at how many different employers would. . . . You know, in the first place, maybe you want to pay a lower wage, so bring somebody in at twenty-two or twenty-three, especially in a tough job market, instead of the

person at forty-five that they'd have to give incremental pay raises to over the years.

HICKE: Now, what about the nutrition programs? Do you recall that?

McCARTHY: Let me see what you've got.

HICKE: This is my outline. I just noted nutrition programs on it.

McCARTHY: That was Meals on Wheels. I authored laws trying to expand the Meals on Wheels program. Again, there are so many very good nonprofit community groups. These programs don't have to and shouldn't be carried out many times by government agencies. We ought to employ what exists in the community. It would be a lot less expensive and usually more efficient.

So there were Meals on Wheels programs. They were always just shoestring operations. As I recall, we got some money allocated for that, and we passed a law pointing out the policy reasons why, and then got some money in the budget based on that existing statutory policy. As you know, those are the steps you have to go through.

HICKE: Yes, sure. Well, all of these things happened over a long period of time, probably. So were there changes in how these . . .

McCARTHY: During the fourteen years I was in the legislature, I authored quite a few laws that affected older people. I authored a lot of laws on different subjects, but I'd say this one area was probably my specialty--a lot of things that affected the well-being of elderly people. For one thing, there wasn't anybody else around doing it in the legislature. Now, State Senator Henry Mello, I've mentioned his name to you before, who came in to the legislature I think in '76, became very interested in this area and has authored a number of good laws. When I left the legislature in '82, he took over as the legislator who was most active in the area of the aging.

HICKE: Is that still going on?

McCARTHY: As far as he's concerned? Well, he's leaving at the end of this year. I don't know who's there now that would take up the banner. I'd have to ask Henry Mello.

HICKE: Well, maybe we'll get to him. There's at least one other issue involved in aging, and that's health care. Shall we talk about that now under this topic?

McCARTHY: Well, nursing homes is very much part of the health care issue. Adult day health care centers, nutrition programs, are all part of the health care issue that affect elderly people. Now, what other aspects of it would you like to touch on?

HICKE: Well, I don't know if Medi-Cal or Medicaid presented problems when you were in the legislature.

McCARTHY: Well, Medi-Cal, of course, grew very rapidly during the seventies. I supported the budgets. Medi-Cal, as you know, is half federal, half state. I supported that part of the budget which put up the state half so the program could grow. Not just the nursing home funds, but all other aspects of care for elderly poor people, most of whom were not on welfare, but they were right on the edge and needed the health care coverage so that they weren't bankrupted. I supported all of that.

Other health things that affect the elderly people, you're asking now?

HICKE: Right. Well, this is kind of transitional.

McCARTHY: Well, one thing that affected them was the cash assistance given to aged, blind, and disabled people. What they received in state help. These are people really below the poverty line now. What they received was pretty meager. So I supported a cost-of-living factor that helped automatically elevate that, and now it's changed since I left.

HICKE: They've taken away the COLA [Cost-of-Living Allowance]?

McCARTHY: Yes. Wilson has pushed freezing it each year, and even cutting the allowance. His main target was AFDC [Aid to Families with Dependent Children], single mothers with children, but also there were cuts in the budget for aged, blind, and disabled. Less politically popular to cut them, so it wasn't done nearly as much.

But the point I was reaching for here is that if elderly people got $600 a month, $700 a month, that would give them some latitude to help take care of

their health in a variety of ways. Medi-Cal might pay for a certain number of prescription drugs or a certain number of doctor visits, but there are lots of things you do which have bearing upon your good health.

HICKE: Aspirin.

McCARTHY: Yes. What your diet is. These are people living at home, or in apartments. So in that sense, I was very aggressive. I got into a rip-roaring fight with Governor Jerry Brown one year, because he wanted to cut the allocation.

HICKE: When was that?

McCARTHY: In 1979.

HICKE: What was his idea there?

McCARTHY: The state had a tight budget, and he was proposing cuts to it. He was also getting ready to make his second run for the presidency in 1980, so I think he was trying to take on a conservative look, as a Democrat about to get into the primary. He didn't admit that, of course. But we had a very testy fight.

HICKE: On the floor of the legislature, or through negotiations?

McCARTHY: No, it was in open, it was very public. It started with a speech I made to the Democratic State Convention in Sacramento. I had some buttons made up, and I think the buttons said, "$29 is not enough." Just a nice, simple message. That was the increase. It was $29 instead of $69 or something.

HICKE: Oh, that was going to be the . . .

McCARTHY: Yes. That would have been the cost of living increase. And frankly, to me, that was an article of faith. Because $40 to an elderly person means all kinds of things.

HICKE: When you take it as a percentage of their income.

McCARTHY: Exactly. Can they go to a movie? Can they have a nice lunch, even the makings of a sandwich in their apartment? It means all kinds of things. It wasn't a lot.

So in any event, that allowance, I think, bears on the issue of health, even if indirectly, in a very significant way. I don't know, I'd have to go back and

refresh my memory. I'm sure we voted on other health issues that were important.

HICKE: Before we move on, tell me about this speech and the response. Your speech was to the effect that $29 was not enough?

McCARTHY: Well, it was the whole thing. It was a very stirring speech, and it stirred Jerry up so that he. . . .This was a Saturday lunch where I gave the speech.

HICKE: Was he there?

McCARTHY: He wasn't there, but he came over at two o'clock and gave another speech defending himself.

HICKE: Oh, he heard about it that fast?

McCARTHY: Oh, he heard about it within a few minutes after I had concluded. The convention was in a hotel right across the street from the state Capitol. There were several things I was talking about.

HICKE: Just a minute, I want to turn the tape over.

[End Tape 12, Side A]

[Begin Tape 12, Side B]

McCARTHY: There were several issues I was talking about. I remember concluding the speech by saying, "Let those who do not wish to hold our banner high step aside." The audience reacted very strongly. So did Jerry an hour later. Actually, it was a surprise, because in the first four years Jerry was governor, I was supportive of him very strongly, and put out a lot of fires for him.

HICKE: It was a surprise to you, you mean, that he had done this?

McCARTHY: Yes. No consultation. No consultation on that, and I had supported him in his presidential run in '76, even though I thought it didn't make a lot of sense. He'd only been governor one year, didn't have really a lot of background. The fact that he won the governorship was due largely to his father's name recognition and the fact that his father [Governor Edmund G. Brown, Sr.] was held in a great deal of respect.

And the fact that Jerry, who always chose a campaign theme, that year put Proposition 9[1] on the ballot, which dealt with ethics in government. I think he believed in Proposition 9. It created the FPPC, the Fair Political Practices Commission. So that helped him. Remember, that was the year after Watergate, so his timing was impeccable. People were disgusted with politicians, with people in government, who they generally believed were corrupt anyway, and President [Richard] Nixon proved it, and a lot of his main people in his administration. So Jerry used Proposition 9. His timing was excellent, it helped him, and the dad who was loved and respected, that name, Edmund G. Brown, Jr., helped. And Jerry had run for secretary of state, which is a nothing position really, but it introduced him statewide.

So the fact that he would run for president a year after he was elected to a four-year term was sort of startling, but I supported him in the '76 run. Then he ran for reelection in '78, and then he wanted to run for president again in 1980 against an incumbent Jimmy Carter, who had his own problems, who was challenged by former Governor [Ronald] Reagan. I mean, there were different things happening at the time, so I just thought somebody needed to pull his sleeve, and I did it in that speech, touching on two or three issues that were sort of basic Democratic party articles of faith. In effect saying, "Keep your eye on the ball right here at home. We've got a lot of problems in California. Let's not go off on another lark."

HICKE: What was his response?

McCARTHY: Oh, he defended himself very, very aggressively. Didn't name me. I didn't name him in my speech, but everybody knew who I was talking about. Nor did he name me. But talked about all the good things he had done.

HICKE: Interesting. One of the things I had down to ask you about is in 1984, there were more bills for nursing home facilities, and that was the follow-up.

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1. Proposition 9 (November, 1976).

HICKE: Interesting. One of the things I had down to ask you about is in 1984, there were more bills for nursing home facilities, and that was the follow-up.

McCARTHY: Sure. The Little Hoover Commission asked me to undertake to chair a committee of about twenty, twenty-four people that would take another survey of nursing homes, because there had been recurring complaints, even after the laws that I authored a decade earlier. We did that, and we found that a number of problems still existed. Some of them came with the growth of the number of people in nursing homes, some with government stinginess in how much money they were giving for reimbursement to nursing home operators, and some of it very bad, insensitive administration.

By that time, a couple of national chains had developed, and they really started in the early seventies. We had Beverly Manor; what was the other one? There were a couple of big national chains that were on the stock market. Not any more. Big nursing home operations with many, many homes.

HICKE: These are obviously for-profit.

McCARTHY: Oh, for-profit, yes. And they had started to give generously in campaigns to get a footing. So we then got into another terrific fight. Let's see, I think the bills were first introduced in the beginning of '84. In '83 we did the study and the analysis, and I don't think the bills were. . . . Maybe late '83, but the action was really in '84.

My first year as lieutenant governor was '83. I remember that year, my first task, which I think I've mentioned to you already, was the Feminization of Poverty Task Force.

HICKE: Well, we haven't talked about that on the tape, so that's on the . . .

McCARTHY: Did I give you the product of that task force?

HICKE: You did.

[discussion deleted]

McCARTHY: Back to the nursing homes. Nursing home reforms II. Most of the study we did in '83, early '84. And bills were introduced I think for the most part in '84. Governor Deukmejian was in office then, and we tried to get some Republican

authors in the legislature as well as Democratic authors. The nursing home industry, of course, protested vehemently: too costly, ruinous, unreasonable, all these laws that we were proposing.

HICKE: These large corporations, were they among the protesters?

McCARTHY: Yes. Virtually all of the for-profit nursing home industry. And it took two years. Actually, Governor Deukmejian vetoed some of the laws, but then he signed them when we resubmitted them the second time with minimal changes. He signed them when they got back to him. And it tightened up the law in a number of ways. It put pressure on the state agency involved to do regular inspections.

HICKE: That makes sense.

McCARTHY: And to perform their role. But, you know, laws like that are only good if the attitude of enough of the people in government, which reflects the attitude of the public, care enough to really be vigilant about it and keep after it. And also, in fairness to a lot of the good people running nursing homes, reimburse them at a decent level, recognizing that if you scrimp on the reimbursement, you're not going to get good nursing home staff, you're not going to get decent food and a lot of things.

HICKE: You get what you pay for.

McCARTHY: That's right.

HICKE: Did you have any contact or did you ever hear from the American Association for Retired Persons, AARP?

McCARTHY: Yes, I had some contact with them, but they weren't that active in California. They had a lot of members here in California, but they really didn't have big offices here and operations. They are essentially a Washington-based operation. They really work with the federal government, not so much with state legislatures on state laws. They concentrate on federal laws, for the most part.

No, there were major groups here. Of course, there's another national group, the National Council on Aging, and they have affiliates in most states.

Their big affiliate in California was the California Senior Citizens Congress, I think it's called. But there were several groups that we stimulated into getting involved directly in legislative activity. What we did when we got those bills passed was we didn't just try to go talk to other legislators; we organized people around the state and told them what they would have to do if they wanted to overcome the power of the for-profit nursing home lobby in Sacramento.

HICKE: What kind of organizations did you tap?

McCARTHY: Senior groups, largely, and professionals who had devoted their lives to working with seniors, whether they were health professionals or social support professionals or whatever. Families that we could identify that had had bad things happen to parents, uncles, in nursing homes. Organized them all, got them to write letters, got some of them to come up and testify on the bills.

HICKE: Must have worked.

McCARTHY: Yes, it did. Awful lot of work, but it's the only way you can really overcome the obstacles in Sacramento.

HICKE: Well, I hope somebody's keeping up that good work.

McCARTHY: I don't know. I'm very pessimistic about that happening. For one thing, they're not there long enough. And for another thing, they come with the attitude of, well, much more ideological, a lot of them being against government doing anything, or they come with other constituencies they think they have to represent. A lot of people don't think they get enough political credit when they work in the field of the aging, because those constituents won't be around.

HICKE: Yes, that's true. And they don't have all that much power.

McCARTHY: Yes.

HICKE: But they are getting more and more numerous all the time, I guess.

McCARTHY: You bet. You bet. But you know something? It's also, it's more "fun" to work with young people in many ways, you know? It makes us all cheerful, right? It's revivifying, in a way. So psychologically, I think people tend to drift to working with younger people.

McCARTHY: Yes. So what else would you like to talk about?

HICKE: If we're through with that, we can switch to health care.

McCARTHY: All right.

HICKE: One of the things I know we want to talk about is breast cancer, so shall we start with that one?

McCARTHY: All right. Ann Mills, my chief of staff, got me involved actively in breast cancer. I had known what the incidence of breast cancer was in the U.S. and in California, that it was very high, but Ann was the one that. . . . I involved my staff statewide--the staff in Sacramento, Los Angeles, and San Francisco--to engage in conversations about what our work priorities should be, whether it involved legislation in Sacramento or other activities, changing administrative patterns of conduct within the executive branch of government.

Ann Mills introduced into those discussions the problems of breast cancer, so I really got interested in it, and we did a number of things. Now, the legislation that we passed dealt with strengthening mammography testing in California.

HICKE: What years are we talking about now? The one I have was 1992.

McCARTHY: Let's see, did it pass in '92 or did it become effective in January 1, '92?

HICKE: I don't know. It says the Mammography Quality Assurance Act of 1992.[1]

McCARTHY: OK. See, usually, as you know, statutes become effective the January 1 following their passage and signature, unless they have written into it, "This is an urgency matter," and then it becomes effective on the signature of the governor. But an urgency legislation will require two-thirds vote in each house of the legislature, so that's unusual. Usually it takes effect on January 1. It can be a date specified to take effect later, the following July 1, to give them a chance to gear up whatever's required to implement the legislation, but that law, I think, took effect January 1, 1992, so that means it was probably

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1. A.B. 2841, 1991-1992 Reg. Sess., Cal. Stat., ch. 870 (1992).

considered and acted upon by the legislature in '91. I'm pretty sure that's the case.

HICKE: Yes. So that means some time before that was when you actually started thinking about it.

McCARTHY: Yes. And it not only had stricter requirements for the training of the technologists that administer the tests, but it had stricter requirements for the machines themselves, that they would meet certain imaging standards so that the percentage of detectability of problems would be higher.

But in addition to that legislation, we did a number of things to raise the consciousness of the public. We organized a public forum in Los Angeles that had about thirty people involved who spoke on one aspect or another of breast cancer. It got fairly good publicity and was attended. Some good papers were submitted at the time.

We supported certain kinds of federal actions. Much more of the action on breast cancer developed in Washington [D.C.] in the Congress, because they had a lot more money to work with, and research on breast cancer was a major objective. We passed a joint resolution through the legislature, which was not hard to get through, but it outlined all the facts about breast cancer and asked for federal financial support for the research, specifically targeting at helping the research. So there were a variety of things we did.

I put out a publication. Did I give you information on that breast cancer network? OK. My idea was to empower all of the women who were survivors or friends of survivors to get to know each other, and in doing that, they would have a much more effective voice.

HICKE: That seems to be a marvelous thing that has happened. It's very important.

McCARTHY: Yes. So we passed out thousands of copies of that list, and so groups started meeting and coming together, and I think it helped.

HICKE: I read that that's a significant part of treatment, actually.

McCARTHY: Yes.

HICKE: How did you know that the machines needed improvement and things like that?

McCARTHY: Somebody brought it to my attention.

HICKE: So you had some technical assistance, or . . ?

McCARTHY: Yes, oh, yes. Believe me, I wouldn't count on my own technical capabilities in that area. Someone brought it to my attention, that there were a fair number of instances where women who would take mammography screenings and have the beginning of a cancer which was not detected. We talked to a lot of doctors in this field. We visited the Johnson Center at UCLA [University of California, Los Angeles], Breast Cancer Center at UCSF [University of California, San Francisco], where we talked with the people who were doing the research on this. I remember a breast cancer center in San Diego, I'm trying to remember if it was a part of UCSD [University of California, San Diego]. But we talked to a lot of people in the field. On some of those tours, we would have the press along and get the press to talk to the scientists.

HICKE: Better and better.

McCARTHY: Yes, the educational process of women. . . . Like for instance, one of the things that I discovered was that a lot of young women, some in their late twenties, a fair number in their thirties, could get breast cancer. The accepted belief was that only women over fifty, over fifty-five, over sixty, would get breast cancer. That's absolutely not true. It is true that in greater proportions, they get breast cancer at that age, but there were a fair number of women in their thirties who would get breast cancer, and never dream that it could happen to them at that age. I had a daughter who had breast cancer, who had a mastectomy at age thirty-five. Ironically, all that happened after I did all this.

HICKE: Did the American Cancer Society . . .

McCARTHY: I worked with them. They participated in that forum I put together in Los Angeles. They were a co-sponsor of it.

HICKE: How about the National Institutes of Health?

McCARTHY: No. Doctors who had some affiliation with them, but no.

HICKE: Any other organizations that were particularly helpful?

McCARTHY: Some of the survivor organizations helped organize witnesses who came and told of their own experiences, and some of the myths that surround breast cancer. That was enormously helpful, and actually inspiring. Interesting talking to a lot of the survivors, because not a lot of attention was being paid at the time. Very strange, given the number of women who suffer breast cancer. I mean, all kinds of cancer should receive the attention of people in responsible positions. But given the number of people that experience breast cancer, and all that meant psychologically and emotionally, and how badly handled it was by many women, and more often by many men, it's just something that really needed to be discussed publicly and to be gotten out there, and then for the research to be funded. So the survivors, a lot of them were really great about handling it in a very up-front way, very courageous way. I participated in a lot of press conferences with them. You know, I helped draw the media, frankly, and then they did the talking. That was what I gave you.

HICKE: Well, it was an effective method, I think. Did other states follow California's lead, then? Or was it a lead? Were other states doing this?

McCARTHY: I think there were a couple other states that had some very good people that were working at this, but we might have been the leader in this, and more outspoken. And there were some members of Congress, some women in Congress that were very good about pushing funding for this. But there weren't men who vociferously spoke up for this.

HICKE: There weren't men?

McCARTHY: No, not early. And there should have been. We discovered things like a lot of the research would use men in the experiments, and not a lot of women. Especially when the disease or illness for which answers were being sought in the research affected both men and women--heart disease. I remember one study that was done that involved 15,000 people; they were all men. So old patterns, falling out of old patterns. What's the best scientific way to get at this thing? It was good, I think, to bring those things out publicly and to talk about

them. As I involved myself with survivors and brought them in--it was sort of an interaction, frankly--they highly motivated me with their courage. But the more that happened, the more and more people became outspoken on this and addressing these things.

For much of this, I really credit Ann Mills. I don't think she had any breast cancer problem herself, but she was the one who did the most.

HICKE: Well, now they're finding that men can have it also, I understand.

McCARTHY: Yes, I think it's maybe one-half of 1 percent of breast cancer cases.

HICKE: OK, let me change the tape here.

[End Tape 12, Side B]

[Begin Tape 13, Side A]

HICKE: Is there anything more then on breast cancer that we should talk about?

McCARTHY: Not on breast cancer.

HICKE: OK. Well, I'm willing to just go down these [topics] and talk about all of them if you can.

McCARTHY: Well, let's pick out a couple that have made an impact.

HICKE: Why don't you pick out the ones that you think are most crucial?

McCARTHY: Let's see. Well, let's pick out a couple that maybe had a little more success. You know, some of these efforts failed or had minimal success.

California Asian health issues. Ten percent of California's population is Asian American. It's a very diverse Asian-American population, and the biggest parts are Chinese, Filipino, Korean, Japanese. But there are also large contingents now of Vietnamese, Thais. There are a couple of dozen Asian Pacific Islander populations in California.

HICKE: Samoans I think are some of them.

McCARTHY: Yes. But you're talking about 10 percent of California's population, so you're talking about over 3 million people.

Now, this is a community that's stereotyped. All are strong family units, all score high academically, no crime problems in these families, none of them

are poor, they all work hard and they're all making a good living and they all are small business people, although we know now that there are a lot of computer analysts and engineers as well.

I was approached by some leaders in the Asian-American community who told me there were a lot of health problems that they faced. Remember, heavy migration occurred in the late seventies and throughout the eighties to California. Under presidential act, a lot of Hong Kong refugees, a lot of Vietnamese refugees, a lot of people from Taiwan came over, and for a lot of the older ones, English was their second language, and sometimes they could barely speak it. They came from cultures where medical practice was dramatically different than the United States. That doesn't mean it was bad, or it was always ineffective; it was just very different.

You didn't have a lot of government agencies involved in health care in the countries they came from. So you had certain kinds of illnesses that were peculiar to Asian-American populations: tuberculosis, for instance. You had certain habits, like the failure to have their children immunized against certain illnesses.

HICKE: Was that cultural, you're saying?

McCARTHY: It was cultural. Perhaps they wanted to stay away from government because a lot of them didn't speak the language, they didn't have access to the programs, you didn't have people working for state or local health agencies that spoke these languages very often, so there was no one to communicate with.

So what happened was that a bunch of Bay Area Asian-American leaders approached me and said, "Look, we need to hold some public hearings, and we haven't been able to get other. . . . There's not a single Asian-American state legislator."

HICKE: Can you give me a general time period for when this started happening?

McCARTHY: You know, I have a report on this, which is really a compendium of a lot of the testimony. I think it was probably early nineties.

HICKE: That's close enough.

McCARTHY: So we held a hearing over in Oakland, and it lasted four or five hours.

HICKE: Who came?

McCARTHY: There must have been at least a dozen major Asian-American organizations that had people testify, including a number of people that were in the health field or the social services field, or doctors. A variety of people. They gave a series of anecdotes describing things that had happened which blocked people from getting health care.

One example that stands out was during the serious flu epidemic in California in, was it '91? It was one particular year where I think about thirty people or more died. A very disproportionate number of them were Asians. That's because they had not been immunized. Hadn't got their flu shots. And a fair number of Asian children were among those who died.

HICKE: I would have expected the elderly.

McCARTHY: Yes. But there were all kinds of peculiar things. Another thing that I remember, and I'm trying to remember what kind of Asian American it was, it was a woman who had a child, I think it was at Alta Bates Hospital, and she wouldn't eat after she had the child. The reason she wouldn't eat is because in her country, until the doctor came in and gave express permission that it was all right to eat after the baby was born, eat or drink, they didn't eat or drink.

So I think a full twenty-four hours or thirty-six hours went by after she gave birth to this child, and there was no one there to talk to her or to understand. I'm trying to remember what she was. Might have been Cambodian. It's not that every hospital, every social services agency can have someone who speaks every one of these tongues. But there are ways you can solve this. You can set up a phone network and have someone available. One person speaking Cambodian could be available to all the hospitals in an area where a fair number of Cambodians and Laotians live. So there are ways to get at this; and Vietnamese--that's a little bit easier, because they are mostly concentrated in two places in southern California. But there are a fair number in the Bay Area as well.

And then we held one in Los Angeles a year later, because the people in L.A., all the Asian-American groups down there, had heard about the Bay Area one and they were very excited about it. So we did the same thing down there, and more people turned out, because of course, the Asian-American population in metropolitan Los Angeles is much larger than the Bay Area. There are 80,000 Thais alone living in Los Angeles County.

Then we helped them, because if you do all of this, if you hold hearings and you don't do anything else, it's nothing. Either you have to have legislation or you have to figure out how to empower these people. So what I did was work with them to have an Asian-American Health Issues Day in Sacramento. Over 100 of them came up to Sacramento. We helped them organize the whole thing, and they met with legislative leaders in both houses, tried to meet with leaders in both parties, started to make them aware. The level of consciousness, their issues, the problems they had. I haven't followed it every year, but I think they did a fair amount of good. They were able to point out that there were some problems peculiar to this population, that indeed, this population had a lot of things in common with the rest of the population, but there were some peculiar problems that needed to be attended to. So they felt very good about that.

And I think it was running beyond health issues into other kinds of problems as well. But they'd done it several years when I left public office. So it was a good thing that could be very profitable in the long run, their having some faith in the process and having some influence on policy.

Now, I saw one other thing on here. Well, we worked on an immunization problem with the University of California.

HICKE: Immunization for what?

McCARTHY: We created a statewide immunization task force to create a policy blueprint for legislators. A lot of kids in the state weren't immunized.

HICKE: This was for kids primarily?

McCARTHY: Yes. A very surprisingly high percentage were not immunized. We came up with a series of recommendations. Some of them were embodied in legislation, some of them in administrative policy changes, and the University of California at Berkeley was really helpful. It resulted in a lot more kids being immunized.

HICKE: This is the standard stuff--rubella and measles and so on?

McCARTHY: Yes, right.

HICKE: What got you started on that, do you recall?

McCARTHY: Somebody brought it to my attention. I forget who it was. Again, I involved my staff in this, and then they talked to somebody or read magazines or newspapers, whatever. And they'd bring all these problems to our staff meetings, and we'd go through and sift out what we wanted to work on. This is one of the things we tackled.

These other things [on outline] are all, either I shared. . . . Doing research in the economic cost of AIDS. Well, you know, that was. . . . I was trying to add an argument for the funding of AIDS research, showing the economic cost, to those legislators and the people in the business community who wouldn't think of that side, who would just view it as an expenditure. I think we've really covered the issues that . . .

HICKE: How about if we put that in the volume? Would that be OK? Just that list there?

McCARTHY: Sure. [See List of Health Care Topics below.]

HICKE: OK. So then there will be something about some of the things that we didn't cover. Do you want to stop for the day?

McCARTHY: Yes, I think so. I've got some things I need to do.

[End Tape 13, Side A]

[End of Session]

List of Health Care Topics:

Breast cancer: Mammography Quality Assurance Act, 1992; 1991 conference; Breast Cancer Network Directory

Asian Health Issues in 1990s

Nursing Home Patients' Protection Act, 1985 [chaired Little Hoover Commission's Advisory Committee on Nursing Home Reform]

Drug abuse prevention: 1985 study

1986: Task Force on Seriously Mentally Ill

AIDS, economic costs of

1985: toxic contamination

Immunization of children

Medical equipment manufacturers

1993: health insurance forum

Adult Day Health Care; In Home Supportive Services [see *California Journal,* June 1995]

Multipurpose Senior Service programs

Increased Medi-Cal and Denti-Cal reimbursements

Public health

[Session 9, August 25, 1996]

[Begin Tape 14, Side A]

HICKE: I'd like to start this afternoon with the speakership contest in the late seventies. I don't know when it actually started. Maybe you can give me the background.

McCARTHY: Let's see. It started December 9 or December 10, 1979, and it started when the assembly majority floor leader, Howard Berman, my right hand, walked into my office, the speaker's office, and told me that he wanted me to step down from the speakership, that he had been talking to people in recent days and that he thought he had the votes to defeat me in the assembly Democratic caucus.

HICKE: He was one of your main supporters?

McCARTHY: He was my number-one, right-hand man. I had no warning of this before this, except I had one call from a member of the assembly Democratic caucus, who phoned me the previous Thursday or Friday and told me that this was happening, and I said to him, "It's impossible. It cannot happen," because Howard was my right-hand man, and he and I had a close relationship, and I trusted him. "I just don't believe he would do this."

Well, they had a core, it turns out, of seven or eight people, and they kept it highly secretive, and in the five or six days before he walked into my office that evening, they went around collecting votes of people that either admired Howard or were angry at me over some issue, this or that. They got then-Governor Jerry Brown to promise two judgeships to two of my votes, Lawrence Kapiloff and Bill McVittie, both of whom subsequently got appointments to the superior court.

Now, I want to emphasize here that they're both talented people and could both be appointed on the merits to those judgeships, but since they had both pledged loyalty to me for a variety of things I had done for them, whether it was helping them get elected or reelected, whether it was giving them committee chairmanships, whether it was because they believed in me as the speaker, any combination of reasons, I had their strict pledges of support in any speakership contest.

For the others, there were different reasons. One fellow was angry at me because I wouldn't appoint his girlfriend to a nice, cushy job in the assembly staff--a fellow who had been married for about thirty years, incidentally. Another fellow was angry at me because I told him to fire his chief consultant on his standing committee who had sent out a letter on committee stationery soliciting clients for the law practice that he was going to begin two or three months subsequent to leaving that particular assembly standing committee.

So I lost a combination of people for different reasons, and there may well have been some votes [of people] that just didn't think I was doing a good job. But whatever the reason, Howard Berman walked in that day and announced that he had the votes.

Well, it turned out it was a very even battle, and for the following ten months, especially during the months we were in floor session, they did everything they could to force me out of the speakership, but I was equally determined not to leave the speakership and to have the matter settled at the end of the two-year term.

HICKE: Can you give me an example of some of the maneuvering that went on?

McCARTHY: Oh, they'd get up on the floor of the assembly and make a motion to vacate the chair. They didn't have the votes to vacate the chair, but they would do that every day.

HICKE: Every day?

McCARTHY: Virtually every day that we were in floor session, and we were in floor session usually two days a week. Late in the session, we were in floor session three or

four days a week. In assembly Democratic caucuses, they were constantly on the attack, and it was a pretty vicious thing.

HICKE: Why was Berman disaffected?

McCARTHY: He wanted to be speaker.

HICKE: OK. That's simple enough.

McCARTHY: He would have been speaker no later than two years later, because I was going to leave the legislature and run for statewide office anyway. I had not decided which office I was going to run for, but I was going to run for some office in the 1982 statewide elections. As it ended up, I ran for lieutenant governor. But Howard, who's very intelligent, very hard-working, would have been speaker, I believe, with my active help, but he got a little impatient and he didn't want to wait that long. And I think he was egged on by a few of the fellows that were on his side who wanted better committee chairmanships, who wanted better positions. They weren't satisfied with what I had given them, so they wanted better positions. And you know, I mean, some had, I'm sure, wholesome purposes, but I think a large majority simply had their own personal ambitions at stake.

That's often the case in the legislature, and I'm not being judgmental about that; that's routine in the life of speakership elections in Sacramento. Hopefully, there is an ingredient in there about thinking the person you're supporting is talented and able and can do the job, but you also negotiate for your own position. People work hard running for these offices, campaigns are not fun, and so they want to be in a position to have some power to do something when they get in the legislature, and they'll negotiate in a fight like this to try to improve themselves. So that was a large part of it.

And then I think what was commonly believed at the time was that Howard's brother, Michael Berman, who was sharp as a whip and who ran a campaign firm in Los Angeles, was pushing Howard pretty hard to make the try, to go for it.

HICKE: These are major forces for historical change we're talking about.

McCARTHY: Oh, yes. The Democratic party in the legislature was damaged rather significantly because of this fight, and as it turned out, both Howard Berman and Leo McCarthy were irreparably damaged, and at the end of a year, Willie Brown adroitly picked up the pieces and put the votes together. I stepped aside, and I supported Willie Brown. People who had been supporting me supported Willie Brown. The assembly Democratic caucus was very evenly divided in November, 1980, when we then went to the vote to elect a successor to me, and that's when Willie Brown was elected.

HICKE: Well, what happened when he took over the speakership?

McCARTHY: When Willie Brown took over, reapportionment of the congressional districts was at hand, so being very smart, he carved out congressional districts that allowed Howard Berman and several of his allies to run for Congress. So in the 1982 elections, four or five fellows that had voted for Howard Berman against Willie Brown ran for Congress, and they were out of Willie's hair. They were out of the assembly.

And then Willie is a very, very sharp inside player. Willie tended to the needs of individual Democrats in the assembly. He saw that they had ample staff, that they could do things that they wanted to do, and I didn't pay nearly as much attention to that, and I think suffered some because of it. Willie has a good set of brains and has a great sense of humor, when he wants to, and was a much more affable, easygoing fellow than I was. I was much more serious. I was strictly a focus-on-the-issues kind of guy. And in the legislature in a leadership position, with so much tension, so much pressure on the members of the legislature, you really do need to encourage many relaxed moments and much more affability, and that's a strength with Willie, and it was an inadequacy with me.

HICKE: I interviewed Barry Keene at length a year or two ago, as I mentioned, and his feeling was that in the 1980s, there was far less, and not nearly enough, interest and emphasis on issues, too much on politics.

Well, let me just ask you what you did next.

McCARTHY: After I stepped down from the speakership, I then prepared to run for statewide office, and there were two choices. One was the U.S. Senate race, which Jerry Brown wanted to run for also. The other was lieutenant governor of California. Jerry Brown made it very clear he was running. That was the only office he actually could run for. He had run for governor in '74, president in '76, governor in '78, president in 1980, and now he wanted to run for U.S. Senate in 1982. Pete Wilson was running for the office for the first time. It was an open seat. As a matter of fact, it was [Senator S. I.] Hayakawa's seat, I believe. He was in disarray and disrepair among most voters.

I talked to a number of people, and I knew darn well that if there were a contested Democratic primary, after coming out of the speakership battle which weakened me somewhat, because it got a lot of bad publicity and something like that never reads well, I would have to go to contributors, to party leaders, and so on at that stage. Without the speakership battle, I would have run against Jerry Brown in that Democratic primary for the U.S. Senate seat, but given the combination of just having come out of a horrible speakership contest, which occurred all during 1980, and the fact that I had to make a decision September-October of 1981 what office I was going to seek in 1982, I finally opted for the lieutenant governor's race, and won that very comfortably. I won that by, I think it was about three quarters of a million, while Tom Bradley was losing to George Deukmejian by about 100,000 votes.

And Jerry, of course, lost to Pete Wilson in that race by about 6 or 7 percent of the vote at the time.

So that's when I started my twelve years as lieutenant governor.

HICKE: Well, what was it like working with Governor Deukmejian?

McCARTHY: Governor Deukmejian is straight-arrow, very ethical, very honest. I don't think he ever put a dollar in his pocket in any inappropriate way using his public office to help himself. I don't think he ever did that. Essentially solidly conservative, not just on law-enforcement issues which were his specialty, of

course; they were in the legislature, and he was chief law-enforcement officer. But also as governor, he undertook a lot of law-enforcement issues.

On other matters, he was a maintenance governor. He didn't start a lot of initiatives. I think basically he probably didn't think government should be doing that much. So we had an amicable relationship where when he left the state, I didn't try to attack him or I didn't try to appoint judges and do all that nonsense that [Lieutenant Governor] Mike Curb did during Jerry Brown's first term from '74 to '78.

You know, George Deukmejian and I were poles apart on issues, but he gave me some leeway in what I tried to do. The lieutenant governor of California has some specifically delegated responsibilities under the state constitution, so I was able to function in some of those areas. And he left me alone. He wasn't suspicious of me; he did not think I was trying to lay traps for him or do him in. I dealt in a very up-front, straightforward way with him. He didn't treat me like a Republican lieutenant governor that he hand-picked and he could trust, but it was a decent--for two fellows in opposite parties--it was a decent relationship, and one of mutual respect, I believe.

But what I did were initiatives on my own. I had, in addition to my specified duties under the constitution, like on the State Lands Commission where we dealt with offshore oil drilling, other areas. I through my own initiative got involved in things like helping California companies export to foreign markets. I set aside some of my staff dedicated to that purpose, and we sort of developed a specialty in that area, which ended up focusing in Asia, where we took a number of delegations on very well-prepared trips where they had a chance to make their individual pitches with the people that made the decisions in China or Taiwan or wherever it was we took the delegation.

George Deukmejian did not interfere with me when I was doing those things, did not interfere with my budget, and was reasonable to my rather restrained requests during that period of time. He did not always sign the legislation I sponsored. For instance, we sponsored some nursing-home abuse

legislation to protect elderly residents of nursing homes in '94, '95. He vetoed some of those bills. But we took them back to him a second time, and he signed them. They were about 90 percent of what we gave him the first time, so we came nose to nose on that issue, and I took umbrage with his veto. But in the main, it was a reasonably respectful relationship.

HICKE: Sounds like a civilized way to do politics.

McCARTHY: Yes.

HICKE: Let's get into some of the responsibilities that you had, and some of the initiatives that you took on yourself. One of the most important things that I know about is the Feminization of Poverty program. Maybe you could start at the beginning on that one.

McCARTHY: When I came into the lieutenant governor's office in January, 1983, the dramatic transition in the California workplace was underway, where a much higher percentage of women were working that previously might have stayed at home. That includes both single women and married women. Some problems were beginning to surface that I was very interested in.

So in working with my staff, we decided to create a task force, and carefully went about picking some fifty-six or fifty-seven women leaders across the state that represented everything from owners of businesses to former welfare recipients. It was a real cross-section of California in every sense: in the economic realm, racially, ethnically; the income spectrum was broad.

HICKE: Geographically, probably?

McCARTHY: Yes, geographically definitely, was represented on the task force. And these were talented, bright women. We met with them several times, outlined what I hoped they would include in their investigation of the condition of women in the workplace in California and what we could see looking out over the next decade.

HICKE: Did you go into the history of working women?

McCARTHY: Sure. We were dealing with a number of statistics. Differences in wage scales between men and women doing comparable work, discrimination against a

woman, say, forty-three years of age who lost her husband, either through dissolution of a marriage or death, and maybe was going back to work for the first time since she was nineteen years of age, or perhaps had never worked. So there were all kinds of problems. It wasn't just one overriding issue.

What we did to help this group of fifty-six women was to get two Ph.D. candidates, two women, from, I think one was UCLA and the other was USC, both extremely bright women who would help do research and pull together position papers to be discussed in the group. Well, as in all such groups, there were some great leaders. They were all leaders by definition, being important in the first place, but out of the group of fifty-six, there were a dozen that gave this thing some direction.

HICKE: Are you going to talk about some of these women? No? OK.

McCARTHY: The task force ended up about fourteen months after it started issuing a report, and that report led to the introduction of, I think it was twenty-five pieces of legislation, because what the task force and I agreed to do was to join together with other groups that were doing similar kinds of investigation and work connected to legislative activity, we'd join with them in sponsoring a package of bills. We were successful in getting I think ten of those bills introduced enacted into law. I felt at the time, and others did, that it was a highly successful effort, and I think the women leaders on this task force felt pretty good about their effort as well. We really gave some emphasis to problems that were known but neglected, and, on the other hand, we put a floodlight on some other problems that had really been unknown to most legislators.

HICKE: Do you want to talk about some of these individually? What were some of the ones that had been ignored or unknown to the legislators? This list mentions several of the bills that were introduced, such as child care.

McCARTHY: Child care was a very big issue, of course, because we had the unfortunate development of a high number of divorces in California. Sometimes divorces indeed are necessary when people can't get along, but they're always sad and sometimes tragic, and that's particularly true when there might be children

involved. The sad aspect of divorce didn't change the reality that the woman in the family, the mother, quite often had to go out and get a job, because child support payments were usually pretty skimpy, and what was paid to a divorced wife and any children really in inflationary California did not come close to taking care of their needs. So the mother had to go get a job in order to pay for all of the usual things in raising the children, and if any of those children wanted to go to college, of course, even a public college or university, the mother still needed to help them out, because there were all kinds of expenses involved.

HICKE: This kind of information was developed by the task force?

McCARTHY: Yes. A lot of this was put together by the task force. The cost of rearing children--they did statistical research on that--and the lack of child care available to working women was really extraordinary in California. I mean, there was virtually none when we started out. I want to tell you, it's not that much better now. It's improved some, but it's expensive. You couldn't then and you can't now get decent child care for less than $400 a month, and quite often now, it's much more than that. We had all kinds of mothers stepping forward in support of child care, who had to work, or perhaps they wanted to work as part of the fulfillment of their own lives, or they wanted to work an abbreviated week, maybe a six-hours-a-day kind of job, where that was available.

So in any event, child care was one of the areas, and we did some good. We got private employers. . . . We were trying not just to do it through government agencies; really the larger emphasis was on trying to get private employers to see their own needs and to undertake themselves the establishment of facilities; not necessarily run their own child care facilities in their own buildings, but maybe fund it as one of the benefits given to their employees. And we even talked to some unions about negotiating this as part of the employee benefit package that they negotiate. So we tried to get at it from several different perspectives.

HICKE: How did you go about speaking to the employers and the unions? You made contacts and went over and spoke to them?

McCARTHY: Sure. Oh, yes, made direct contact with them, I did. I undertook that myself. Northern and southern California.

HICKE: And what was the response like?

McCARTHY: The response on the part of a couple of hundred employers was excellent. Unfortunately, a couple of hundred employers constitute a small fraction of the total employer family in California. But there has been some headway made. It's much more on the consciousness. You know, these problems have a way of. . . . You need to work your way laboriously into the consciousness of people in authority to get them finally to act.

HICKE: And also, I think the consciousness of the public arouses a certain demand when people realize that they're not the only ones in this position. They begin to realize that other people need child care too, but they didn't think about it.

McCARTHY: That's right. And what we were doing helped stimulate a lot of television shows and newspaper stories about child care problems. We brought forward a lot of witnesses at the legislative hearings that ensued on this bill that was put in.

[End Tape 14, Side A]

[Begin Tape 14, Side B]

McCARTHY: There were a variety of other bills in this package as well, one on domestic violence, for instance. The common denominator for all the legislation was, what obstacles were there to working women being able to support themselves and, where they had children, their children as well? Domestic violence was one such obstacle.

HICKE: Sure. I don't usually look at it that way, but it certainly . . .

McCARTHY: Yes. If they were battered, if they were not presentable, if they were psychologically demolished by a husband so that they couldn't even go out and do decent job interviews; I mean, it has all kinds of effects. And domestic

violence was also, of course, putting the women in the position of not breaking away from an alcoholic husband or drug-abusing husband or an emotionally disordered husband who was battering the spouse, so she wasn't in a position to have the confidence or the appearance to go out and seek jobs to leave the battering husband. So legislation on that passed.

HICKE: I see what you're saying: it's a circle downwards.

McCARTHY: That's right. A whole array of things that really prevented a woman from being economically secure and economically self-supporting.

HICKE: Which she needed to be in order to get a job.

McCARTHY: Yes. And that's what the task force was looking at over a period of a year. They drew from their own experiences. There was a richness among these fifty-six women in their life experiences that they could put on the table, and then analyze and sort out.

HICKE: Did you attend some of their meetings?

McCARTHY: You know, I wanted to leave them alone. I really did. I spoke to them a couple of times at the beginning and as they were getting towards the end, to kind of encourage them to bring things to a head. I just wanted to tell them that it wasn't just going to be a task force where they had a lot of meetings and a lot of talk, talk, talk, but that it would culminate in something in the legislature. They did a good job.

HICKE: Sounds like it.

McCARTHY: There were an array of issues. Child support was another issue. We didn't raise it for the first time; others had raised it, but it was maddeningly ignored. And of course, a woman is put in a much more precarious position if the departed husband, after dissolution of a marriage, will not pay child support, or is always late with the checks for child support. Then that former wife, with her children, lives in such economic instability that it very often would produce a very harmful effect on the children, living in that environment, and of course, on the mother involved herself. So this task force, joining with others, really

led to stricter child-support payments and getting much tougher on the departed husband who wasn't paying for child support.

HICKE: Are we talking about laws now, or are we talking about law enforcement?

McCARTHY: Same thing. Talking about giving law enforcement more teeth to enforce the law, giving a judge the ability to come down very hard on the departed husband who didn't send that child-support check.

HICKE: That's great. And a lot of other things came out of that, I think.

McCARTHY: Oh, part of the legislation was to allow the mother, the wife who might also be a mother, to have continued access at least for some period of time to health care plans. Because obviously, at the point of divorce, in the early eighties, the practice of employers was just to chop off the divorced spouse, who was not their employee, immediately, disconnect them from the health plan. And that would often be true of children too. So one of the bills in our package tried to give some continuity, some continued health coverage to the divorced mother and any children for some limited period of time, while she would transition into employment, or figure out ways to get herself covered with health care insurance.

Family violence was another area. Amazingly, of course, so much of that was hidden, and still is hidden, particularly in certain cultures where they are shamed by their own ethnic communities if they complain about a husband battering a wife. We've talked a little bit about that before, but that's a very good part of the package, strengthening criminal consequences for wife-battering and getting district attorneys' offices to give it higher priorities. That was done in legislation that passed.

HICKE: I guess there's not much that can be done unless there's a complaint filed.

McCARTHY: That's correct. You have to have photographs, you have to give the police and the district attorney evidence to work with. There were two things here: the police department, old police departments, didn't think it was such a big deal.

HICKE: Old police departments?

McCARTHY: Officers who were older. Young police officers largely had a different attitude coming in, and I'm talking about young male police officers. I think they changed culturally with the times, and they were more sympathetic, although a lot of education was required coming in to. . . . They didn't know how to take the evidence. They didn't know how to talk to women. Finally, police departments started getting women to be able to talk to women, to break through the barriers, because there were things that were very hard for women to say to a male, who was a stranger, in the police department or the district attorney's office. So a lot of changes have been made in those areas. It wasn't just the penalties; it was pushing law-enforcement authorities to make all these changes in personnel necessary to deal with these problems, including, I think, some of the laws that were passed that gave the D.A.'s some special funding for this area for a while.

HICKE: For educational purposes.

McCARTHY: Yes.

HICKE: Latchkey children: I saw something about that. Was that a big . . ?

McCARTHY: Yes. That was a specialty of [Sentor] David Roberti, and David had initiated that before this task force really got going, and we supported his effort. That was incorporated as part of the package. Of course, latchkey children are kids in families where both parents are working or where there's only a sole parent, usually a mother, she's working. So the child gets home from school and you lock them up, if you don't want them out in the streets. You lock them up at home, or somebody does, to keep them out of trouble, because four, four-thirty, five o'clock in the afternoon is when a lot of juveniles get in very serious trouble in California, because they have no activities after school, no adult guidance in many instances. Roberti was trying to address that issue by funding certain kinds of healthy activities, sports programs and other things.

If a sixteen-year-old son got in trouble while the mother was at work, that destabilized the mother's ability to concentrate on her work and to perform in a way that her employer liked, whether she had to leave work and go to juvenile

justice authorities to bail her son out or to see what was wrong, and just the mere emotional distraction of it made it tougher for her to stay in stable employment. So again, there's that base of what affected the economic stability and security of that family.

HICKE: I remember reading at one point that libraries were being inundated with children after school who didn't have any other place to go, and everybody thought that was a safe place, but they weren't equipped to handle large numbers of children.

McCARTHY: Would have been an ideal place if we thought about constructing our libraries in a way that would attract children to come in voluntarily on their own, whether it was showing educational videos or whatever it might be to speak to them in their terms.

HICKE: Maybe we could just go back for a minute to the name of this task force, Feminization of Poverty. That came from historical statistics?

McCARTHY: It came from a woman who used it. I think she was a faculty member at a college back East. She was the first one to use it. I happen to think that it was very descriptive of the composite of conditions that we already saw in the changing California workplace, so that's why we wanted to use that title for the workforce.

HICKE: Basically, that refers to the fact that poverty is more and more the province of women, right?

McCARTHY: Oh, yes.

HICKE: And all these things we've been talking about are the reasons.

McCARTHY: Very high percentages of those at or below the poverty line in America are divorced women, single mothers, and children under the age of eighteen. And while California was a more affluent state, we also had a very large population of such mothers and children living in California. And they weren't just farmworkers. I'm talking about a broad cross-section of people who lived in the urban areas of the cities of California.

HICKE: Did other states' officials talk to you about your program, or did other groups?

McCARTHY: Yes. We had a number of requests for copies of the Feminization of Poverty task force report, and we mailed them to many states.

HICKE: And when these bills were introduced into the legislature, can you tell me a little bit about who sponsored them? You mentioned Roberti, but other people? And who opposed them, and how they wended their way along?

McCARTHY: [Looks at list] There was a description of what this package was called. I think the coalition that supported us in this effort very well, I think it was called the Women's Economic Agenda. [Pause]

HICKE: There are a couple of people mentioned in that speech.

McCARTHY: The name of the package was the Families and Work Package. It was a package of twenty-five bills. I'm pretty sure I've got the number right.

HICKE: And this was 1985?

McCARTHY: This was April, 1985. The task force got started maybe six months after I was sworn in as lieutenant governor in January, '83. It got going on its work then, and it reported out I think at the end of 1984. It probably took the best part of seventeen months to do its report. And then the bills were introduced in April '85.

HICKE: Did they get through that session?

McCARTHY: A number of them did. As you remember, the legislature has two-year sessions, so bills introduced in '85 were finally passed in '86.

A lot of this was also educational for members of the legislature. Keep in mind, they were not exposed to this task force before they actually saw the bills. There was a lot of natural antagonism towards making some of these. . . . These are not only economic changes addressing economic problems, but cultural habits that are a large cause of the problem, and of course, the legislature was overwhelmingly male-dominated then. Probably I would guess over 80 percent of the legislature was male at that time, 1985. Less so now, but at that time.

HICKE: Ten years ago, or eleven.

McCARTHY: Now it's probably, oh, 70-30, maybe 68-32 percent.

HICKE: Is that all they've gained?

McCARTHY: I think so. But then it was 90-10 or 85-15. So you didn't have a lot of sympathy for a lot of these things, and they were labeled by many as do-gooder liberalism. Even though what I really tried to do was to make the economic argument that a self-supporting, self-sustaining single mother with children was tremendously important to the overall economy, and if you didn't make that happen, if you didn't help them to help themselves through a variety . . . . You may disagree with some of these, but you have to see that something very significant had to be done to get that resolved.

And so you asked me, did the bills pass? Well, yes, a number of them passed, but a number of them did not pass as well, or they were chopped up.

Now, subsequently, as is often the case in legislatures, maybe in the next session a bill that failed in the first session passed, or two sessions later. But unless you give these things a very hard push and make a fight as though you want it passed now, you won't get that result even two years later or three years later.

HICKE: Sounds like a lot of hard work and effort went into this group of bills.

McCARTHY: Yes. Well, it was something of monumental importance to the state.

HICKE: Were there any members of the legislature that you particularly remember that were supportive? A lot of education on your part helped, I'm sure.

McCARTHY: Liberals and conservatives approached this in different ways. A conservative might want to give a tax credit for child support; a liberal might approach getting child support in a little different way. But at least we got everybody thinking about the importance of this thing, and whether they did it because they saw it as a problem that they had to accept responsibility for addressing or they did it because they wanted to make points with female voters, or whatever it was, I don't care.

HICKE: Yes, right. Whatever works.

McCARTHY: Sure. The point is, we made it an issue; we gave it a lot of publicity and made people face the issue, which is really--it's how you make laws, frankly. If you

tried to pass controversial laws within the state Capitol building, you wouldn't get very much done. You've got to create a lot of waves outside, you've got to stir things up. It's almost like a statewide campaign. It's our entrenched forces, either the views of incumbent office-holders, who don't see the cultural or economic importance of making change, or hired lobbyists. Maybe employers didn't like some of this. Now, a lot of what we did in 1986 would look fairly tame. Back in 1985, people thought that this was unnecessary, or going too far, or interfering in the private sector.

HICKE: Would you say that perhaps one of the main goals of a legislative body is change?

McCARTHY: Absolutely. A legislature is supposed to rationalize the problems that come with a changing, complex society, and boy, there's no society in America more complex than the population of California. You look at the racial and ethnic mix in this state, at the variety of cultural perspectives, you look at the changing economy and the emotional and intellectual adjustments forced upon people to stay up, to survive, to thrive hopefully, and a legislature in enacting laws is supposed to carefully assess those problems and try to make the going a little smoother for people.

It doesn't mean the legislature through laws can solve all the people's problems. Frankly, a lot of these problems are solved in the private sector through the common sense of people, but at least as to larger issues where you need a framework of laws for guidance, the legislature is supposed to care enough about and have the sense to recognize these large movements that are going on, and then write laws that will help us ease whatever the transition is at the moment.

And this is a state that's gone through many fundamental transitions. What's happening in the seventies was very different than what's happening in the nineties.

HICKE: What you're describing is a very large response to change that has already gone on. Is the legislature supposed to look into the future and evaluate changes that are coming?

McCARTHY: Sure, oh, yes. Hopefully, they do as best they can in seeing what our needs are for the future. There are certain basic things. A good education, so that young people will have the basic skills to analyze, to think, to adapt to a changing economy. You need a good infrastructure so that you have systems that can support a decent living environment, can support a growing commercial establishment in the state. The state government should address these basic things, working where appropriate with local government. They can't make, nor should they attempt to make, every decision in people's lives, but they ought to be able to protect gross unfairness. They certainly should protect people against criminal violence. On issues of economic opportunity, they ought to create a society in addition to a good education system where you don't have severe cases of job discrimination.

HICKE: OK. Back to women. There are a couple of other things that I wanted to ask you about. In 1992, you published a book, *Starting and Succeeding in Business: A Special Publication for Small, Minority, and Women-Owned Businesses*. I say you published; I don't know who published it, but you . . .

McCARTHY: Yes, we did, we published it.

HICKE: OK.

McCARTHY: We had some very good staff people that worked on it. As I recall, we allowed a number of small business people that went through the pains of starting a small business to co-author the publication. We had a number of different people tell their own stories.

We wanted to give two kinds of information. One was the formal regulations they need to worry about as required by the laws of California: forms you had to fill out, what state agencies you might have to be in contact with. But secondly, we wanted them to get from other people in the private sector information about the problems they encountered as they tried to start

their small business. Now, some of it would be trying to work with government agencies, some of which were good and some of which were painfully slow or arbitrary. A lot of it is just the angst of making this or that business decision, and given the importance of small business in California. . . . You know, we hear a lot about the large corporations, and large corporations do a lot of great things, but small business in California, companies with, say, less than twenty-five employees, probably provide 60 percent of all new jobs that are created each year in this state.

So in order to keep down the number of bankruptcies, the number of failures, to the degree that this kind of information could help the young entrepreneur's judgment, we created this book.

We were doing a lot of things during my time in the lieutenant governor's office that were economically based: how you help people to help themselves to succeed. Whether it was as an employee, or whether it would be as an employer, a business person, who undertook it. We knew that in a state as racially diverse as California, and in a state where we wanted to give women with brains and drive the opportunity to own businesses, that this kind of publication was relevant.

HICKE: Where was it available, or how was it available?

McCARTHY: Oh, we ran out of copies. As I recall, we went to some private employers and solicited the money to print this up. We handed out a lot of copies. I can't give you the exact number; I know it was well over 100,000.

HICKE: They were free?

McCARTHY: Often, we charged them some modest price to help us defray the expenses, but we kept the price down so it wasn't prohibitive.

HICKE: Yes.

[End Tape 14, Side B]

[End of Session]

[Session 10, August 28, 1996]

[Begin Tape 15, Side A]

HICKE: Let's start this afternoon with a continuation of what we were talking about before, which was women's issues. You told me about some speeches you had given. Would you tell me when and where you gave them, and what the import was, and what the impact was?

McCARTHY: Well, during the time after we had created the Feminization of Poverty task force and then introduced twenty-five bills that almost all came out of that task force report, and that constituted maybe a three-year period, I spoke to a lot of women's organizations around the state to make sure they were focused on the legislation and on what we were doing, and tried to get them involved in support of the legislation. We would provide a lot of women's groups, individual members of those groups, with copies of bills and legislative committee analysis of the bills.

It's part of what I mentioned before, that whenever you've got controversial legislation, your campaign to get the votes in the legislature can't be contained within the walls of the state Capitol. It really has to reach out around the state as broadly as possible. That's particularly true if you don't have any major economic forces on your side who have some direct and vital interest that will energize them all by their own self-interest.

So I spoke in front of a lot of women's groups to get them involved, and they were very responsive. This was in the early to mid-eighties--'84, '85, '86--when women more and more were beginning to understand what was happening in the economy. They were getting more involved in a range of

leadership roles in the private sector. They were learning that what kind of laws passed in Sacramento and in Washington, D.C. affected their opportunities dramatically. I spoke to a lot of groups to make that tie, to get information into their hands, and to energize them.

I had always been involved, totally apart from the Feminization of Poverty task force, in the women's issues; just had not in this concentrated package. I had a lot of individual bills going back to the mid-seventies. A bill, for instance, to stop banks from requiring that a married woman had to get her husband to co-sign to let her open an account, because she couldn't have it in her own name. Well, that was still the law in this state in 1976. Certainly still the practice, rather, of banks, so they weren't mandated to do that. Even if a woman was a working woman and could establish her own financial stability, she still needed the okay by the husband to open an account if she were a married woman. So I was always involved in a lot of women's issues; because I specialized in the field of the elderly. I was involved necessarily, because a high percentage of the elderly population are women; they have longer lives, as we all know, and so I was always involved in health issues which affected elderly people, as well as economic issues, discrimination factors for people over fifty especially, and in a variety of others. So there were reasons for me to go talk to women's groups on many other individual bills as well.

But in the mid-eighties, because of this package, I set about talking to a number of groups like BPW to get them revved up for the campaign that we needed to get this legislation passed and signed into law.

HICKE: What does BPW stand for?

McCARTHY: Business and Professional Women. They're much stronger now than they were twenty years ago.

HICKE: Statewide?

McCARTHY: A statewide group; it's a national group, actually. I think they had a very substantial Republican as well as Democratic representation in the group. As a matter of fact, in the earlier years I would say it tended to be heavily

Republican voters in the BPW, and now I would guess it's probably 50-50, maybe 60-40 Republican, 50-50, something like that, but they work together. It didn't make any difference what party they belonged to. There was very little sign of party getting into their affairs. They were pretty united in targeting legislative objectives, both at the state and the federal level. So that was the kind of group that was very worth talking to if you wanted to get a message out to them.

HICKE: Did they lobby?

McCARTHY: They would have spokespersons come to Sacramento to give testimony on individual bills, and they certainly wrote letters. Now, how many personal appearances did they make? I think that number started to grow on legislation, and they did have someone who took responsibility for following Sacramento. Usually it would be two or three BPW activists who lived in the Sacramento metropolitan area.

HICKE: But they didn't target Republicans or Democrats as such?

McCARTHY: No, it was a bipartisan, nonpartisan group, really. They had a great interest in education issues, because they saw the link between education and economic opportunity. So BPW would be very interested in the quality of education, kindergarten through the twelfth grade as well as university education in the state.

HICKE: So when you were talking to these groups, did they have chance to ask questions or respond?

McCARTHY: Oh, absolutely, every time. I always thought that questions were a very crucial part of my appearance before any of those groups.

HICKE: What kind of questions or responses did you get?

McCARTHY: Well, with BPW, they're a pretty informed group. They're always disseminating information about legislation or governmental administrative actions within the executive branch of state or federal government, so they were pretty well informed. Some of the things I would say in my speech

would prompt questions, but they were usually well versed and would initiate subjects of their own in the Q and A period.

HICKE: Did they ever suggest or attempt to initiate or try to get somebody to initiate legislation that they had in mind?

McCARTHY: Yes, they did. I'd have to go back through my records to check.

HICKE: Yes, I don't expect you to remember all that.

McCARTHY: But yes, BPW did initiate, as they got into it; at first they did not. When they were established a few decades ago, they did not. But in the eighties and the nineties, they have gotten more aggressive. They will talk to individual legislators, and I think in meetings with them suggest that they carry this or that bill.

HICKE: Well, you have done quite a few things that I'm interested in here. Does that cover the women's issues pretty much, do you think?

McCARTHY: I think so. I think we've probably touched on a number of things.

HICKE: Yes, here and there, health care and aging issues, as you said, they have been included.

McCARTHY: Yes.

HICKE: OK, let's go to the California State Lands Commission, and actually, if we could go back before that, I don't know when you started with that, but I know you carried so much environmental legislation when you were speaker. So maybe we could just kind of recap that. We've alluded to parts of it here and there.

McCARTHY: I was an elected member of the San Francisco Board of Supervisors for five years before I went to the state legislature. Those years were '64 to the beginning of '69. So I dealt with land-use issues all the time in an urban context, and I was always very interested in how physical development affected the living condition of people living in cities, whether it was double-decker concrete freeways, or skyscrapers, parks, trees, the total physical setting, and how it tried to bring a little harmony to the intensity of urban life.

And at the same time, of course, I knew that California was full of extraordinary natural resources, and people who live in cities, just as people who live in rural areas, needed to get out and go on vacation with their families and to use the coast or the Tahoe Basin or Mt. Lassen or the redwood country, the Sierras, whatever, to relax, to enjoy themselves, to have a couple of weeks of contentment so they could come back to the pressures of urban life.

When I went to the legislature, it was natural, therefore, for me to get involved in some things, and I think in the first few years, next to my being very actively involved in the problems of elderly people, which probably dominated my time as the number-one issue, number two would probably be a set of environmental issues. In 1971, I got involved in a set of issues that nobody really at first saw as environmental issues. Have you seen that *California Journal* article that talked about the recreational subdivisions?

HICKE: Oh, yes.

McCARTHY: Do you have that?

HICKE: Yes, I have that.

McCARTHY: OK.

HICKE: In fact, I had it in my folder, but I think we did talk about that a little, so I took it out.

McCARTHY: Yes. That's the one where a number of big corporations were buying up a lot of land in the foothills, and some in the desert. They were plotting them out, subdividing them, putting in the bare essentials, maybe some paved roads, a little electrical system, some street lights, and not too much more, and then with armies of real estate agents in these urban and suburban areas, they would pitch to people with a full video presentation, slide show, about how easy it would be to buy this little lot in the country, this second home, as they were called. They were called second-home subdivisions or recreational subdivisions. They were aimed particularly for people over fifty, on the assumption that they would have more leisure time and they would have the

resources to make this investment. And of course, they emphasized how minimal the cost was and how easy it would be to handle.

Well, a lot of these turned out to be scams, or at a minimum, very poor investments for people. They also turned out to be environmentally destructive, because quite often they wouldn't have plumbing systems in these places, and you would use septic tanks, and the septic tanks would leak into the underground water systems of the foothills involved. There was a lot of danger to these.

So I did some research on this, and I had the help of a wonderful consultant in the assembly named Tom [Thomas H.] Willoughby, who was the chief consultant to the Assembly Local Government Committee for many years and then became the consultant to the Planning and Land Use Committee, which at the time, as a matter of fact, I think was chaired by [Assemblyman] Paul Priolo, one of the leading Republicans in the assembly. In those days, the minority party in 1971 was given about five committee chairmanships, and Assemblyman Paul Priolo, elected from Santa Monica, was chairman of that committee. He was a moderate on those issues.

We had a terrific fight. We had two groups of people opposing several bills that I put in in that package. One was the group that represented the real estate agents around California. Of course, they live on turnover, and they've got to make a living; I just didn't like the whole procedure on this. The other was the big industries like Boise Cascade, who bought up a lot of this land, did this minimal subdivision infrastructure work, and then engaged in a lot of advertising over television and helped fund all these slide shows that they'd get realtors to put on in the cities and suburbs. As we moved along, I managed to divide these two main camps and got the real estate agents out of the picture by compromising on a couple of the pieces of the legislation with them, but still managed to pass some very strict laws controlling these so-called second-home or recreational subdivision developments. It substantially put them out of business.

Then it got back to the more legitimate home developers that were not, Gee, here's a quick buck kind of thing, but they were in it for a lifetime, and they went about the kind of painstaking work that you go through in normal city planning commissions and so on. Keep in mind that a lot of these second-home or recreational subdivisions were in counties with a very small population.

HICKE: Up in the mountains or the hills, you said.

McCARTHY: Yes, that's right, and there was often a lot of natural beauty that was being threatened by these kind of helter-skelter developments. So that was '71, and that was a great success, and that *California Journal* article lays it out in very pleasing and flattering terms. And that wasn't initially seen. The article, as a matter of fact, put it in terms that I hadn't heard before. It said, "The major environmental victory of the session received no help from any of the environmental groups." The Sierra Club or the others weren't even involved in it.

HICKE: How come?

McCARTHY: Well, they were off on the Coastal Protection Act and on other targets, on doing worthwhile things, but they just didn't really get the significance of this. This, the second-home subdivision issue, had really two pieces to it. One was, it was environmentally threatening; the second was, it was a consumer gyp in many cases. Not every second-home subdivision was in a very attractive foothill or mountainous land area. Some of them were out in the desert. There was a big development down in Kern County, I think it was called Sun City, where there were a lot of lots subdividing the desert country with nothing out there. They promised the sunshine and the rest of it, but there was nothing. It was bare, ugly desert.

HICKE: Probably sun.

McCARTHY: Yes. Lots of hot sun. And they sold thousands of those lots, and a lot of the people paid that initial payment, put some money into it, and then they were

stuck with them, because the developments never really did go forward in these places.

But in any event, from there, it developed in environmental legislation over the years. We had a wonderful Republican state senator from Marin County named Peter Behr who was an elegant and eloquent man, who just had a great sense for environmental issues. He picked up on the issue of protecting California's river systems and giving the public access to the rivers. This was for the sake of the fishermen, and for that matter, the commercial people who sell all the fishing equipment and the fishing dress, big industry. But he had in mind mainly the families that wanted to go vacationing: how would they get access to the rivers, and how do you stop the rivers from being polluted? Even now, we have issues like this fellow who owns Maxxam who wants to cut all the redwood forest up at the Headwaters up in the Humboldt area. All of that clear-cutting of trees, of course, would dump all kinds of polluting debris into the rivers and would kill the life in the rivers.

In any event, I joined Peter Behr in that fight, not as the prime mover, because I was still a new guy on the block. That would have been about 1972, '73. I introduced legislation, the same kind of legislation in the assembly that he had introduced in the senate, just in case his legislation got stuck in the senate, because the major opponent of his Protect the River legislation was [Senator Randolph] Randy Collier, a state senator from a bunch of northern counties who was known as the father of the California freeway system. I think that was a self-anointed title. He had a lot of forest country, and of course, he supported heavy development. There was no sense of balance. So he and Behr were at war in the state senate. I was supporting, I got involved in that issue.

Then I guess the big environmental thing was after I became speaker, in 1975, there had been a lot of work done on coastal protection. Remember, there had been an initiative the people voted in 1972. That created a commission that lasted three years, I think it was, and they were to bring

forward legislation and recommend it in Sacramento, and that happened. Then the legislation was introduced, but it was killed in the state senate by developers who opposed any kind of state mechanism to control development along the coast.

I was speaker at the time, and I had very strong feelings about the Coastal Protection Act, and State Senator Tony Bielensen carried the bill in the senate.[1] He's a very good fellow. He's in the House of Representatives now. But the bill was killed stone dead in the state Senate Finance Committee. Everybody thought it was dead.

I took the bill, got hold of another small, inconsequential senate bill that had come over, I found the right author, it was [Senator] Jerome Smith, who's now on the state court of appeal. He was a state senator from the Santa Clara County area. He had a small bill that had passed the senate, came over to the assembly, and we took the entire Coastal Protection Act legislation from Tony Bielensen's bill and put it into Senator Jerry Smith's bill, which was already in an assembly committee, and then got it out of that committee. On the floor, I carried the bill and fought off amendments on the floor, got it out of the assembly, and then it went back to the senate where they had eighteen votes. Jerry Brown helped to get the final three votes in the state senate, and that's how we have the Coastal Protection Act and the creation of that legislation. I just took that on as a personal chore, and I had the power of the speakership to get it done. Assembly members who usually would have voted no under pressure from their local government representatives or local developers, who were fearful of being prohibited from going forward with their development, they could not prevail on them because I used my authority to convince them to.

HICKE: Then was there a lot of outcry from them? Or did they accept this?

McCARTHY: You mean from the assembly Democrats that I got to vote for it?

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1. California Coastal Act of 1976. S.B. 1277, 1975-1976 Reg. Sess., Cal. Stat., ch. 1330 (1976).

HICKE: No, the developers.

McCARTHY: Oh, sure, there was. But as is usually the case over the years, a very large majority of the proposed developments along the coast were permitted by the Coastal Commission, only they had to be reshaped, they sometimes were made smaller, the configuration was made differently, and almost all the time, they had to give public access to the beach, which was bitterly resented, but that was the requirement. So a lot of people still made a great deal of money. It just might have been nine dollars instead of ten dollars.

That was another step in the environmental legislation. I participated, I really strongly supported assembly authors who were carrying a lot of legislation, helped them get votes for their legislation. I guess one main thing I did was, the anti-environmental, anticonservation forces had much more clout in the state senate than they did in the state assembly. Because I was speaker, what I did was create an Assembly Environment Committee and put the best people I could find on it. For the chairman of the committee, I had three outstanding people in succession over that five- or six-year period. The first was [Assemblyman] Ed Z'berg of Sacramento, who tragically died of a heart attack, I think it was in August of '75, and then I replaced Ed with [Assemblyman Charles] Charlie Warren of Los Angeles, who was a great environmentalist and a very bright man. Then when Charlie Warren left the assembly, I appointed a man named [Assemblyman] Victor Calvo of Santa Clara County, who had been a supervisor in Santa Clara County, whose family, interestingly, was in the lumber business, but who had a great respect for the land and for proper uses of timber cutting, and thought that it should be done in the right way--not stripping the land and so on.

So I had a succession of people, and in addition, if the committee had thirteen members, I made sure that there were eight or nine solid environmentalists on the committee. I used that committee as a way to negotiate everything that was moving in the legislature. Pro-development forces would want certain things, and eventually their bill would have to come

to that committee. So they had to compromise on other pieces of legislation that were pro-environmentalist. So we used that in a way to get a number of good things done.

Now, apart from that, there were just simply some very fine legislators that got critical things done. I'll give you an outstanding example: Senator Al Alquist and Assemblyman Charles Warren co-authored the creation of the California Energy Commission, and the California Energy Commission has done an outstanding job in a variety of fields to encourage energy conservation. For instance, California led the way in encouraging manufacturers of refrigerators and all kinds of tools used in the home and in the workplace, equipment that used electricity, to be far more efficient, encouraged manufacturers to do that.

[End Tape 15, Side A]

[Begin Tape 15, Side B]

McCARTHY: And the Energy Commission, thanks to Senator Al Alquist and Assemblyman Charles Warren--and I think that legislation was passed in 1977 or '78, I believe--the Energy Commission has done an outstanding job. Interestingly, the current chairman is a former Republican assemblyman named Charles Imbrecht, who was appointed by former Governor George Deukmejian when Deukmejian was sworn in in January, 1983, and Imbrecht has done a good job. He's been chairman of the Energy Commission now for over thirteen years, fourteen years, and he's done a very enlightened job in trying to use energy much more efficiently in this state. And of course, that would require then less exploitation of a lot of the resources of the state. If you need less hydroelectric power because you're using less electricity, then you don't have to dam up rivers.

So anyway, Alquist and Warren were the kind of legislators who did a fantastic job, and I was proud that I happened to be speaker at the time and I

could help knock down some of the obstacles that their kind of legislation would face.

HICKE: Alternative energy sources: you mentioned they were looking at those.

McCARTHY: Yes. Jerry Brown was good in this area. Jerry Brown, whomever he got his advice from, started to propose tax credits for solar energy and wind energy, and he was pushing things like this. We got through some tax-credit legislation. There were legislators who were already thinking the same way, who had been putting in bills just to achieve something like this. So California was a leader in renewable energy research at the time, and in trying to encourage these companies to. . . . Now, frankly, when Jerry Brown left the governorship and Ronald Reagan became president, there was not any support really at either the state or the federal level for renewable energy companies. The old oil and gas industry, nuclear power industries, really got 99 percent of the attention.

But in any event, California was very good because of Jerry Brown and because of the number of legislators in the renewable energy field in the late seventies, and really did start to make a lot of people around the country aware of the possibilities.

HICKE: There are still a few windmills over on the hills over there. Quite a few.

McCARTHY: Oh, there are three companies that have those windmills there. As a matter of fact, one of the corporate boards I sit on is one of those companies.

HICKE: Is it?

McCARTHY: Yes. FloWind from San Rafael. That's serendipity. I took a half a dozen energy companies to China several years ago, and as I was leaving the lieutenant governor's office, about to go into the private sector, they phoned me and asked me if they could talk to me after I left office about becoming a member of their board of directors. I did, and now I am, since January '95.

HICKE: Great. And are they doing OK?

McCARTHY: Well, they're doing very well in foreign markets. In the United States, they still face big obstacles from the Southern California Edisons of America, who

really don't want the renewable energy companies to be able to be in the business, particularly if they're saddled with what they call stranded assets like nuclear power plants that cost far more than they ever dreamed they would. So they're trying to figure out how not to let their investors down. But they've managed to stop most renewable energy, and especially at the federal level. The federal government gives far more subsidies to oil and gas and nuclear than they do to all renewable energy forms put together. It's not close. Probably forty to one.

HICKE: OK, well, we're still wending our way through the environmental problems that you've dealt with.

McCARTHY: What else?

HICKE: Let's see what I've got. When did you start on the California Lands Commission? That was after you became lieutenant governor.

McCARTHY: After I became lieutenant governor, by the state constitution, I'm one of three members of the State Lands Commission. The State Lands Commission has responsibilities over any developments in the three state miles offshore. State Lands Commission has that responsibility, and as well has responsibilities for the water systems within California that are navigable, to make sure that any uses are beneficial uses to the public. As far as the coast is concerned, of course, we had many applications for oil drilling on the coast, and so we controlled the amount of oil drilling, especially off the Santa Barbara coast, and we slowed it down rather considerably. The oil companies are very unhappy about that, of course. But we just weighed the risk of oil spills, particularly after the Exxon fiasco up in Valdez. The State Lands Commission did not allow much additional oil drilling off the California coast while I sat on the State Lands Commission.

HICKE: How do you deal with those applications? Are they evaluated by some professional?

McCARTHY: Yes; the state of California signed long-term leases with oil companies back in the fifties and sixties and seventies, and the leases allowed individual oil

companies or a consortium of oil companies to explore for oil in a given plot of sea, which was within the three-mile zone that was state jurisdiction. They might come before us wanting to activate the lease to begin active exploring in certain tracts, and so we had to make the judgment whether we should go forward with that or not, what was the best public policy. Obviously, job creation and helping corporations make a profit is also very important, and we tried to weigh that against what the risks were to commercial fishing in the area with leakage of oil, what the risks were weighed against any spillage that might be involved, environmental damage, and we were sort of a quasi-judicial body, in effect, hearing such matters at the time.

Another environmental area the State Lands Commission got into was all of the pollution that ships navigating along the coast dump into the water. There was all kinds of garbage put into the water, and it was killing a lot of marine life, and it was simply a health threat to a lot of people who were swimming along the coast. We're not talking about oil now; we're talking about all kinds of debris. We're talking about the habit of ships, including U.S. Navy vessels, who used to think nothing of putting their garbage in a bag and dumping it over the side of the ship. So the ocean was getting pretty dirty. Now, none of us ever think of something as big as the Pacific Ocean getting so dirty that it could be a threat to individual human beings, but we did see a threat there, and so we did a lot to educate the public in what local jurisdictions we could influence. We held hearings. A lot of ships dumped their treated sewage right into the ocean. One of the biggest problems that we had along the coastal waters was the sewage effluent that was just piped right directly into it. Thank goodness a lot of it is treated now, but in some places, it's not very well treated, not treated adequately. So that was another problem the State Lands Commission had to attack.

HICKE: What did you do about that? Get legislation?

McCARTHY: Yes. We got legislation, we sponsored legislation, we helped draft it, and then we went and chose a couple of legislators to carry it.

HICKE: Did you influence the U.S. Navy?

McCARTHY: It's hard to tell, because we had no real way of checking on them, but we certainly raised the issue, made it very public, and they seemed to be embarrassed about it and said they were changing their practices. It was a lot of foreign ships, too.

HICKE: Yes, and you can't do much about those, I suppose.

McCARTHY: Yes, right.

HICKE: Who else sat on the commission with you?

McCARTHY: There are three people on the commission: the lieutenant governor, the state controller, and the director of finance or his representative. So the state controller during the twelve years that I was on that commission as lieutenant governor, the first four years were Ken Cory, the last eight years were Gray Davis. And then there were half a dozen people that were directors of finance.

HICKE: OK. Anything else on the State Lands? What about the lands? You've been talking about the water.

McCARTHY: Yes. One other thing on the water: we examined developments along the shores of rivers going through cities and worked with local jurisdictions to try to create protected zones. Sacramento County was particularly good about that, Sacramento County and Sacramento city governments. We stopped a couple of developments, one in Stockton where the San Joaquin and the Stanislaus Rivers converge in the city. The developer was generally a fine person, and built pretty attractive developments, wanted to build right down to the water's edge. If he did that, of course, the public would not have any access to walk along the shore or bicycle along the shore.

So after a long and painful controversy and threats of lawsuits, the State Lands Commission finally worked it out with the developer and the city of Stockton to have a nice little strip along the [banks] that the public would be able to use in perpetuity.

HICKE: How often would you meet, the commissioners?

McCARTHY: The commission would meet at least once a month, and we had a number of special hearings. So if you take all the hearings together in recent years, I would think it averaged out to about once every three weeks.

HICKE: Sounds like a lot of work that you accomplished.

McCARTHY: Yes.

Now, the State Lands Commission also has administrative responsibility over a lot of so-called federal school grant acres. That's an old federal law and an old state law.

HICKE: What's the law?

McCARTHY: Federal school grants, federal land grants, which are to be used to benefit schools in each state.

HICKE: Oh, this goes back to the old railroads' lands where they gave half to the railroad or something like that?

McCARTHY: No, it's not the same law, but it goes back that far, yes. When they let them build the railroads, I think they gave the railroads a strip of land that was a half-mile to a mile on each side of the tracks, which was probably the biggest giveaway in American history. But this land has existed as grants because it came from a lot of complaints from states that the federal government had simply taken over control of too much land within the states. It's especially true in the Western states. The federal government has jurisdiction over about 49 percent of the acres in California. So they give back some of this land each year, I think, and the state agency chosen to shepherd--a lot of it's desert--the state agency chosen to be the entity that tries to figure out how to use that acreage to generate some funds that in California's case would be put in the teachers' retirement fund is the State Lands Commission.

We would lease out land for grazing, sometimes for mining, sometimes for geothermal, and try to bring in revenues for all of those sources.

HICKE: And this was land that is connected with the school grants?

McCARTHY: Yes, it's supposed to be to benefit the schools, and the method of benefiting California chose was to put the money generated from revenues into the

teachers' retirement. As you know, in California, there is no state teachers' retirement fund as such; the school districts each have their individual retirement systems. But the state teachers' retirement supplements what local school districts do for retirement.

HICKE: Ah, and that's this federal land grant acres?

McCARTHY: Yes. It's not the only source of state money, but it's one of the main sources.

HICKE: How long has this been going on?

McCARTHY: Many decades.

HICKE: So what did you have to do, just supervise that, or decide which lands . . .

McCARTHY: Yes. Let me tell you, there are 500,000 acres like that under the jurisdiction of the State Lands Commission. And there are going to be another 370,000 acres soon, so you're talking about a lot of land.

HICKE: I guess. Can you give me an example, do you recall any one instance of how this worked?

McCARTHY: Oh, there are all kinds of mining companies that know about this land, and they will come and they will want to bid. We set up bidding processes, and we try to have competitive bidding so that the State Lands Commission will also be able to do the best they can to generate funds to put into the teachers' retirement fund. The same is true of grazing or geothermal or any other use. We would hear the terms of these proposed agreements and then any subsequent problems that might arise. They'd want the leases extended, maybe pollution problems would arise from the mining if they were near rivers, all kinds of things could arise.

HICKE: Would a mining company be able to explore first, or would they just have to guess where there might be something worth looking at?

McCARTHY: No, they'd have to pay something to . . .

HICKE: For rights of exploration?

McCARTHY: Yes, for rights of exploration.

HICKE: Anything else on the State Lands Commission? Did you see any great changes in the kinds of things you were dealing with over this twelve-year period?

McCARTHY: Well, the policy regarding oil drilling off the coast was a big change. We were mainly responsible after the Exxon oil tanker leaked off Valdez for getting a law passed in California which imposed a number of requirements on ships traveling up and down the coast so that that couldn't happen again. We held five hearings; we took testimony all over the state; and we drafted legislation. It underwent changes as it proceeded through the legislature, of course, but we were the spark plug, I think, that got that legislation through at the state level.

HICKE: How about cleanup? Did you have anything to do with that?

McCARTHY: Yes, we sparked some habits of cleanup, but on any of these things, sometimes they're permanent changes and sometimes not. It takes at least two members out of the three on the commission to be interested in the subject enough to make things happen. That's true with the governor who appoints department heads. If the governor's got the interest in a subject, like it's nursing home inspections, whatever subject you're on, it takes the people who are elected to the top offices, who sit on these important commissions, to have enough interest to push things. You can get changes, you can get constructive things done if they are. So there's no guarantee. The next commission now may have only one of the three members really interested in it, so they may want to go on to other subjects and make a name for themselves.

HICKE: Yes. I mentioned the winegrowers joint marketing agreement to you last time. Can you tell me a little bit about that?

McCARTHY: Oh, that was a blip in my public career, I think, but the parties involved seemed to think it was important.

HICKE: Yes. I know that the growers and the winemakers never before had an agreement like this.

McCARTHY: That's right.

HICKE: And so you had some trouble to get them together, I'm sure.

McCARTHY: Took a city boy from San Francisco to make peace between the grape growers and the vintners in California. They were at war with each other because some of the big vintners that had a lot of leverage and were major producers of wine would tell the grape growers one year, "We'll buy everything you've got," and the next year, "Thanks, we don't need you." So there was a lot of instability among a number of the grape growers, and they were getting very angry about this. And there were a lot of threats going back and forth. So I'm trying to remember, somebody asked me to get involved.

HICKE: You mentioned John De Luca. Would he have been the one? He was head of the Wine Institute.

McCARTHY: You know, I'm not sure it was John, because I'm not sure he was in that position at the Wine Institute the year I got involved with this joint marketing order. But we had several meetings, and I got each of them to say very thoughtfully and calmly what their needs were, what their concerns were, and then we proposed the drafting of the joint marketing order, which was a common practice in agriculture then, to try to rationalize the harvest season and how you market the grapes. Some call that price control and monopolistic, and I suppose to a limited extent that's true, except that without that, a lot of small farmers, grape growers and many others, would get absolutely killed because they're such a small, infinitesimal part of the marketing of their kinds of crops, with very few exceptions to that.

So they needed to come together to operate jointly to try to do this. And the joint marketing order answered their needs, stabilized the situation. The vintners were still able to buy their grapes at a good price, and the grape growers had more stability in how they could sell their grapes to the vintners so that they would be marketed.

HICKE: Do you recall the names of any of the people who were involved?

McCARTHY: No, I'd really have to go back and pull my notes on that. I'm trying to think of the year that took place.

HICKE: I've got that somewhere too, but I think it was mid-seventies.

McCARTHY: Yes, I think it was about '77.

HICKE: Were you around when it didn't get renewed, or were you involved in that?

McCARTHY: No.

HICKE: I guess for the reasons it had never been done before, they couldn't agree to renew it.

McCARTHY: No, I was long gone from the legislature when that happened. I was lieutenant governor and was not called upon to try to breathe life back into the agreement.

HICKE: OK. Well, then I have a number of items that don't seem to fit in anyplace, or maybe we left them out. But one of them, maybe under promoting business, was the Latino Business Roundtable. Do you recall that one?

McCARTHY: Yes, yes. Limited success. I saw that in southern California especially, but in many parts of the state, Hispanic Californians were becoming owners of businesses. Now, most of them were small businesses, but a number of them were very successful, medium-sized, and some larger businesses. I didn't see much representation in the major business councils of California--then or now--when you were talking about the California State Chamber of Commerce, or the California Manufacturers Association, or the Business Roundtable, or [other] entities. In southern California, of course, there was a very significant Hispanic population.

[End Tape 15, Side B]

[Begin Tape 16, Side A]

McCARTHY: And I believed, as did many others, that the way to overcome ethnic and religious divisions, racial divisions, was to really make sure that all major subgroups in the state were integrated into the mainstream economies. So I created a Latino Business Roundtable with the idea of bringing them together and letting them see each other and seeing what an economic force they were. Then I hoped from that that they would manage to push their way onto and

into all the other, broader business groupings in the state. I wanted them to do a few things together, and we did do a few things together.

A lot of these smaller and medium-sized businesses owned by Hispanic Californians in the Los Angeles area, for instance, were having real problems working with the South Coast Air Pollution District. I arranged a meeting and took about twenty-five or thirty Hispanic business owners down to the South Coast Air Basin and district headquarters in Orange County. I made it plain that I wasn't asking the district officials to throw away all of their restrictions on air pollution. I wanted them to listen to the individual business people and to see how they could regulate them in a way that would not be so costly to the business people, without letting them get away with murder. We don't want them to pollute the air with chemicals or whatever. On the other side of it, they ought to give them some quantitative objectives: how many pollutants are they allowed in within what number of days? And then figure out how to let that happen. They can then arrange their business in a way so that that's the result that's achieved, and do it at probably a considerable cost saving.

Well, that apparently worked, because they got better rapport after that. They were frustrated because they didn't know how to talk to this huge, important government agency that has tremendous control over the lives of many business people in the South Coast Air Basin.

I brought the Latino Business Roundtable together on education. In individual conversations, they expressed great interest in the quality or lack of quality in the education system, and we tried to address that. We brought them together with the main person who was doing research on the reconstruction of the Los Angeles City Unified School District, for instance. In short, we tried to get them to participate with the people who were making decisions and to get them to understand that they could do that. It wasn't getting a law introduced in Sacramento and getting it passed, it was empowering them to get them to see how they could have a direct influence on government officials and agencies that had a big say in their lives and how they ran their businesses, and

to see that there could be some reasonable discourse where they wouldn't expect a government agency to forego all of its public responsibilities. At the same time, the government officials could understand there are ways in which you can do your regulation and help reduce the costs of business, of compliance with those regulations that a lot of these agencies required. So those are some of the things that we did with the Latino Roundtable.

HICKE: That must have been rewarding.

McCARTHY: Yes, I think it was good, and I think they appreciated it. It didn't have the cohesion that I was hoping for, but we found a number of individual spark plugs. It's very much like any other community, really; you need to identify the real spark plugs, the people who provide leadership. So we had some successes.

HICKE: How long did it last?

McCARTHY: Maybe two years. That's about it.

A lot of efforts like that, if they don't produce some measure of success, I will try it in some other form. I will try to figure out how to engage people in some other context. I went around speaking to a number of Hispanic groups: Hispanic engineers, Hispanic teachers. As they emerge in a mixed society like California, they will stay close together until they reach a certain plateau of success, and then like previous ethnic groups, they'll disperse, because they're secure. They're doing as well as anybody else, so they don't need the self-assurance they get from standing together as an ethnic group. That pattern is true throughout the United States, from the time of waves of European immigrants, for that matter.

HICKE: Well, that seems like the way it should be, and I think it's encouraging when you point out that this has been happening for a long time, so it's liable to continue.

McCARTHY: Yes.

HICKE: I know there are different kinds of bar associations. There's a Hispanic bar and the . . .

McCARTHY: Oh, sure, and the Asian American bar. Some of those exist, I think, to try to make sure that when governors appoint judges, that they don't forget those communities. And they may also exist because there may be peculiar problems that affect those ethnic constituencies somewhat more than majority constituencies that are already here and settled.

Have we done it?

HICKE: Do you want to stop for today? There's the Commission on Prevention of Hate Violence, and you were a UC Regent, I'd like to ask you about that, and . . .

McCARTHY: Well, let's talk about the Commission on the Prevention of Hate Violence. I've been involved in that subject all of my public life. One of the first things I did when I went on the San Francisco Board of Supervisors in 1964 was author the creation of the Human Rights Commission and gave it subpoena power. At that time, there was a lot of discrimination going on, job discrimination, discrimination in many forms, but that was aimed primarily at employment discrimination. When I got to the legislature, I was always interested in that subject: how do you let people compete so that they can support themselves? How do you get them an education so that they're equipped? How do you get them the opportunity? One of the things you've got to do is knock down discrimination. So there was a pattern of that throughout my years in first the board of supervisors and then the legislature.

As lieutenant governor, I saw certain cleavages that were pronounced as there was a very ugly kind of development among white Aryan groups. It was true in California, as well as a number of other states. You saw it showing up in not just the old anti-Semitic, anti-black examples, but then there were a lot of anti-gay examples and anti-Asian examples. And there were some well-publicized killings. Well, but it wasn't just killings and it wasn't just severe acts of violence, it was a lot of stuff on a little lower level than that. It might have been attacks, assaults, this sort of thing. And the incidence of those things seemed to be growing.

So in one of the sessions I had with my staff. . . . I told you once that I would meet with my staff at the beginning of each year and we would try to see where we were on what are the objectives of the office, of the lieutenant governor's office. And some objectives would be, Well, this will take two or three years, like the breast cancer project. Other objectives are, Well, how do we do it in this year? That kind of thing.

Well, this particular project turned out to be a two- or three-year project. We tried to identify the best people around the state who had worked in this area, we had a very diverse commission that I appointed, and we held hearings. Very unusual for a lieutenant governor to hold hearings on this subject; certainly not in my job description, but nobody else was doing it. No legislative committee was doing it, the governor wasn't involved in this, as far as I could see; I'm sure he was involved in very worthwhile things, but he wasn't involved in this.

And also, I thought it important because people got tired of talking about discrimination or unfair treatment based on race and ethnicity, right? We talked so much about that in the sixties and in the seventies that in the eighties, people ran out of gas emotionally on the subject. But my staff and I thought that it was very important that we hold the hearings and point a finger at it, give it some exposure. And the media, which is often fashionable in what it writes about, gave us some coverage, but not a lot, had some stories. Got some TV coverage. We got coverage when we had a young fellow who was nineteen or twenty, who had been a member of one of these white Aryan gangs, describing what went on on the inside, and who they chose to assault, and how the whole thing worked. They were putting out pamphlets on some of the campuses of the state, this sort of thing.

HICKE: That's pretty dramatic.

McCARTHY: Yes. So that led to some legislation.

HICKE: To what effect?

McCARTHY: Punishing, criminal penalties. Civil and criminal penalties for this kind of conduct. As a matter of fact, the most important bill was carried by Senator [William] Bill Lockyer, and he already had a bill in for criminal penalties, so what we persuaded him to do was to add civil penalties. In other words, it's pretty hard to prove a crime in some of these cases, because the evidence must be beyond a reasonable doubt. But in a civil proceeding, you only need a preponderance of the evidence, and that's less of a burden to show that, on a scale, your evidence has to outweigh the evidence here. So you can collect damages. You could sue and collect the deed to an ugly man's home, and that's exactly what happened to the worst guy in this, a guy down in San Diego. I don't remember his name. I mean, he poisoned his son with all this thinking, and organized a lot of other young people to be haters. So anyway, that's the gist of what we did in that area.

HICKE: What about being a UC Regent? Can you tell me a little bit about that?

McCARTHY: UC Regent. Well, I was a strong supporter of the university because I think it's a great university and has produced a lot of outstanding men and women graduates, has a remarkable faculty, and has really enriched the state culturally and economically and in every possible way, so I'm generally very supportive of the university as a regent. There were issues that came up. I opposed all of the fee tuition issues they were imposing on students.

HICKE: Raising the fees?

McCARTHY: Raising them, because I thought that it would cut out a lot of middle-class kids that maybe were in the bottom third of the middle class, however we define that today--call it $30,000 to $40,000 household income families--who weren't covered by government programs that reached really poor kids, and just found it extremely difficult to pay their way. So I fought that, and the regents found it easy to go to that. That way they wouldn't have to slow down salary increases for faculty or administration figures.

The university had its severe budget problems for about four or five years running. It was a very difficult time. But I was generally supportive. One

area where I disagreed, and I took a leadership role, and this ties back in with the last thing we were discussing: the university has an enormous pension fund. I'm trying to remember how big it is, but many, many billions of dollars. I'm thinking $6 or $7 billion. Could be even larger than that. And they were investing in companies that were doing a lot of business in South Africa.

HICKE: Yes, I was going to ask you about that.

McCARTHY: You've got to define this kind of an issue very carefully, I think. There are a lot of countries that have political practices that we would not accept here in the United States. They prohibit free practice of religion or free speech, or certain parts of their population are treated savagely or quite unfairly; they have no sense of equality. But it's hard for a public entity like the university to say, "Well, we're not going to let our pension fund invest in. . . . " because frankly, by the time you got through, you'd be prohibiting the pension fund from investing in U.S. companies that did business in about three-quarters of the world.

So my rationale was, Well, OK, I understand that. But when you've got a systematic, brutal suppression and a lot of officially sanctioned murder--and South Africa isn't the only place where that occurs, but it happened to be what was on the plate--then, because this is a public university--private universities can do what they want--this is a public university and should be representing what's the correct public policy, not just for the insiders in the university but for the public of California that pays the bills, so that I didn't think it was correct policy to invest in companies that had a lot of business in South Africa while this was going on. So I raised the issue.

Now, Willie Brown, when he became speaker in the early eighties, was also on the regents, but he never attended. When this issue arose, he did attend, and came to the meeting and voted and spoke.

HICKE: In support of your position?

McCARTHY: Oh, yes, sure. When I raised the issue, we only had maybe five or six votes out of, I think, twenty-six. It grew bit by bit over several years. We were

losing, and oddly enough, Governor Deukmejian, who of course had appointed a number of regents, changed his position on the issue. I think he may have changed his position in 1986 for two reasons. It was either late '85 or early '86. Reason number one: he's Armenian, and he felt very deeply about the Turkish slaughter of Armenians after World War I. Reason number two: he was facing [L.A. Mayor] Tom Bradley in the gubernatorial race in 1986. Bradley had come back to run for reelection. And I think some of Governor Deukmejian's advisors thought that by this simple act, he could very effectively show that he was a reasonable man on what was seen as a racial issue. And without ever saying a word about his opponent or what color his skin was, it was a sign that George Deukmejian was a reasonable, compassionate, understanding person.

Now, I never heard that from Governor Deukmejian; I only heard that from others. So it's dangerous to try to plumb the minds of somebody in this kind of situation. But Governor Deukmejian came and voted himself for the side I was on and switched the votes of three regents. Without Governor Deukmejian and his switching those three regents, the policy prohibiting the University of California pension fund from investing in companies doing a lot of business in South Africa would not have passed.

So that's an issue that was very interesting. Bishop [Desmond] Tutu came to California; some of us visited with him and traveled with him a little bit here. I thought he was a very noble man, very interesting individual. There are other countries you could probably extend that policy to who have been ruled by terrible, terrible people, some of them in Africa. Black leaders, usually military leaders, really oppressing other black people of a different tribe. It's a difficult policy to try to define what the circumstances are. You're best restricting that kind of policy to the most extreme kinds of repression, so that you can get broader agreement. But I was in the middle of that fight, and I think I was the strong early voice that helped organize that side.

HICKE: Great. But what about China? Is that a similar situation?

McCARTHY: See, that's where you get into some difficulty. Now, here you've got China, where they're feeding their people, they're at least trying to educate their people, they're making some stab at providing housing, they're making some stab at economically developing the country in a way that most of their population can participate in, and you had none of this in South Africa. In China, you had what you also had in South Africa: you have political repression. You have a police state mentality. You do not have political freedoms or religious freedoms. So that's a pretty good place to start as to, how do you make this judgment?

There are other countries, like India, that call themselves a democracy but have far more hungry people than China does. And yet, India has religious freedom to a much greater extent than China does. So you have to have a list of things, and I think if you're going to employ this kind of policy towards a nation, they really have to be scoring zero almost in all major categories. Otherwise, it gets very arbitrary as to which elements you choose to measure a country unworthy of doing economic business with U.S. companies, and certainly unworthy of using the pension funds of public entities as investments in U.S. companies doing business with such countries.

HICKE: So South Africa was the only one that you actually examined?

McCARTHY: South Africa was the one that we examined, and quite honestly, the board of regents were so exhausted after that fight that we didn't get into doing a universal search. I think we could have come up with several other countries that would have fit the same description. But it seemed that a lot of U.S. companies were doing business in South Africa, so it wasn't just a handful. Therefore, it was thought it deserved some attention.

HICKE: Do you think that had some impact on South Africa's changing political stands?

McCARTHY: I definitely do. It's hard to quantify how much economic damage the apartheid government suffered, the individual members who supported it suffered, but they certainly had to suffer some. But I think what they also suffered was political and cultural isolation from much of the world, and I think that

weighed upon them. These were all factors: the internal turmoil, the internal violence, all this. Had there not been any external pressure, I'm not sure when those changes would have come about.

I have to add that I think it took a lot of courage on the part of [F. W.] de Klerk and some others to bring about that transition. But I think the external pressures, many different forms of external pressures, helped a great deal to bring about that change.

HICKE: Good for you. Well, just a couple more things; maybe we can wind this up. Also under the UC Regent heading, did you have to deal with affirmative action issues, or did that come afterwards?

McCARTHY: No, that really came after I left. We dealt with affirmative action issues, but Governor [Pete] Wilson wasn't really into it yet. He wasn't raising that issue. I suppose he started to raise that right towards the end of my time as lieutenant governor. I think he was raising it somewhat in 1994, but he really got into it in '95 when he started to run for president, because he thought that would help him in Republican presidential primaries around the country. He was looking for an issue to ride, and his two issues he had that he thought would carry him to victory in Republican presidential primaries were affirmative action and being anti-immigration. I think he thought that might help him in places like Florida and Texas and elsewhere. But I was pretty much out of the picture by then.

HICKE: Well, speaking of being out of the picture, maybe you can tell me how you got out of the picture.

[End Tape 16, Side A]

[Begin Tape 16, Side B]

McCARTHY: Would you rephrase that question?

HICKE: Yes. How did you decide not to . . .

McCARTHY: Oh, well, I was in elective office thirty-one years.

HICKE: [Laughter] Yes, but you were doing good work.

McCARTHY: Oh, yes, but it was time to move on. I ran for the U.S. Senate and didn't make it. Ran second to Barbara Boxer in the Democratic primary in 1992. Mel Levine and I and Barbara were all in that primary, and then another man named Charles Green was in the primary, and he managed to pick up 4 percent of the vote in the primary. I ran second, a good strong second, but I lost. Had I won that primary, I would have been elected in November to the U.S. Senate, because the weaker of two Republicans won their primary, a TV commentator from Los Angeles whose name slips me at the moment, and Barbara Boxer managed to beat him by about 400,000 votes, I think, finally. I believe I could have beaten him handily, but I couldn't get out of the primary.

I had hoped to serve one good, strong, useful, very active term in the U.S. Senate, six years, go all out, try to accomplish something, not worry about reelection, not worry about fundraising, but the voters decided otherwise. I had a good career. I was lucky, I was in a position to make a contribution. I felt very fortunate to have played a role, to have been in public office that time. Some days were miserable and unhappy and downers, but there were a lot of days that were great days, that there was that special satisfaction of being useful to people. And I felt terrific about a lot of the things that I was able to do.

But thirty-one years is enough. Five years in local government in San Francisco and twenty-six years in state government; fourteen in the legislature, twelve as lieutenant governor. That's enough. I had asked my wife to give up an awful lot during that time, and my children gave up an awful lot in that time. It was time for me to get out and have a private life, and spend a lot more time with my family, and that's exactly what I've been doing for the last twenty-one months.

HICKE: Well, you've been doing a couple of other things too. You told me about one of the boards that you're on; can you tell me about the other boards, and about your present activities?

McCARTHY: I'm on three corporate boards. Two of them are publicly traded. One is Linear Technology. Linear is a fine company with superb management that makes analog integrated circuits. It's in the semiconductor family. Their integrated circuits are sold for use in computers, in telecommunications equipment, and they have all kinds of industrial applications.

Then the other publicly traded company I'm on is what they call a pharmacy benefit management company, or managed prescription care company. They buy prescription drugs in large volume from drug manufacturers and they sell them, either through the company's own mail pharmacy--the name of the company is Mednet--they sell them through their own mail pharmacy or in participating agreements with about 50,000 pharmacies around the country. They have a credit card of their own. They do management services. They make sure there isn't overutilization of prescription drugs by patients, that a patient won't go to a series of doctors and get conflicting drugs which might do the patient harm. So they provide a range of services like that. That's a fine company.

Then a privately owned company which some day will go public is a company named FloWind, which manufactures wind turbines. That company is doing very well selling wind turbines in India and now in China, and will seek other foreign markets, and it's doing modestly well in the United States. Like other renewable energy companies, it faces a huge obstacle course in trying to compete with conventional utilities who use oil and gas and hydroelectric and nuclear power. And the Southern California Edisons of the world are of course much bigger and much stronger and much more politically influential than little renewable energy companies like FloWind. But FloWind is getting stronger each month, and will go public probably in about a year, and I have a lot of fun being on that board. That company has very enlightened management, very environmentally conscious, very energy-conservationist minded, and that company will be successful.

Now, apart from that, what I've been doing since I left public office is that I formed a partnership [The Daniel Group] that offers consultation to some California companies who want to do business in those parts of Asia that I'm quite familiar with, and on the other hand, I have a couple of people from Hong Kong who are trying to move some of their money out of there before July 1, 1997, when the People's Republic of China takes over Hong Kong. They want to invest in the United States, and I'm lucky enough to have them come to me and ask for advice on how they should invest.

So I'm really doing a mix of things. I've even gotten involved in the stock market. A San Francisco liberal Democrat getting involved in the stock market! Who ever heard of such a thing? Doing reasonably well, batting better than .500, and expect in the long term to do OK in that arena, as long as I am very cautious about it, because the stock market has its ups and downs, as many people painfully know.

So my life as a private citizen is varied now. I'm enjoying it, it's very stimulating. It will never be a substitute for the honor and the pleasure I had of being in public office, and having the authority to accomplish a great number of things, but it's very enjoyable and it's comforting to my wife and to my children and grandchildren to have me around a lot more than I used to be.

HICKE: That's a great note to end on. Thank you very much for all of your participation.

McCARTHY: You're very welcome. Thank you for even doing this.

[End Tape 16, Side B]

[End of Interview]

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